

Department of Information Services
 Forum Building, Boardroom – Room 201
 605 East 11th Street
 Olympia, WA 98504
 (360) 902-2991

AGENDA

TIME: 8:30 a.m. – 3:00 p.m.

TIME	TOPIC	PRESENTER	DESIRED OUTCOME
8:30-8:45	Welcome/Introductions	René Ewing	Get Acquainted
8:45-9:30	Chairperson's Report Executive Director's Report Minutes of May 30, 2002, and August 28, 2002, Board Meetings <i>Tab 1</i>	René Ewing Ellen O'Brien Saunders	Board will be updated on issues of current interest. Board will act on 2003 meeting schedule. Board will act on minutes of May 30, 2002, Board Meeting and August 28, 2002, Special Meeting/ Teleconference
9:30-10:15	Workforce Development and Economic Development: Focusing on Key Sectors	Bryan Wilson Bob Watrus, Northwest Policy Center Rich Nafziger, State Board for Community and Technical Colleges Pam Lund Guests from Eastern Washington Agricultural and Food Processing Partnership	Board will learn of activities to advance a workforce development connection to key economic clusters
10:15	BREAK	ALL	REFRESH
10:30-12:00	Workforce Training Results: Net Impact, Cost, and Benefit Findings <i>Tab 2</i>	Bryan Wilson Kevin Hollenbeck, Upjohn Institute	Board will discuss results of net impact and cost/benefit evaluation of major workforce training programs, and the implications of these results.

TIME	TOPIC	PRESENTER	DESIRED OUTCOME
12:00-1:00	LUNCH	ALL	REFRESH
1:00-1:45	WorkSource Indicators <i>Tab 3</i>	Bryan Wilson	Board will begin its work of setting statewide and local targets for WorkSource performance.
1:45-2:45	Reviews of Agency Budget Requests: <ul style="list-style-type: none"> • State Board for Community and Technical Colleges • Employment Security Department • Higher Education Coordinating Board <i>Tab 4</i>	Bryan Wilson	Board will review workforce development-related requests from several agencies and act on endorsements to share with Legislature and the Office of Financial Management.
3:00	Meeting Evaluation and Adjournment	René Ewing	Board will assess meeting quality.

**WASHINGTON STATE
WORKFORCE TRAINING AND EDUCATION COORDINATING BOARD
MINUTES OF MEETING NO. 87
MAY 30, 2002**

The meeting was called to order by Chair René Ewing at 8:35 a.m. at Snohomish Hall, Edmonds Community College in Edmonds, Washington. The following Board members were present:

Geraldine Coleman, Business Representative
Gay Kiesling, Labor Representative
John McGinnis, Business Representative
Sylvia Mundy, Employment Security Department (ESD)
Joe Pinzone, Business Representative
Tony Lee, Targeted Populations
Brian Jeffries (Alternate for Terry Bergeson), Superintendent of Public Instruction (OSPI)
John Atherton (Alternate for Dennis Braddock), Department of Social and Health Services (DSHS)
Mike Hudson (Alternate for Don Brunell), Business Representative
Randy Loomans (Alternate for Rick Bender), Labor Representative
Rich Nafziger and Jim Crabbe (Alternate for Earl Hale), State Board for Community and Technical Colleges (SBCTC)
Ellen O'Brien Saunders, Executive Director

Welcome and Introductions

Ms. René Ewing and Ms. Jerrilee Mosier, Vice President, Workforce Development and Training, Edmonds Community College welcomed the Board and guests and introductions were made. Ms. Mosier explained the college's involvement and commitment to serving the needs of the workforce within its community. She mentioned the new building under construction that is a joint effort between Central Washington University and Edmonds Community College with classes beginning in the fall.

Minutes of Board Meeting No. 86 – March 28, 2002

Ms. Ewing presented the minutes from the March 28, 2002, meeting.

Motion 02-87-01

A motion was made by Mr. Pinzone and seconded by Mr. Hudson that the WTECB minutes of March 28, 2002, meeting be approved. The motion passed.

2002-03 Operating Budget for WTECB

Mr. Wong explained that in September of 2000, the Board adopted the agency's 2001-03 biennial budget containing its strategic plan and appropriations for FY 2001 and FY 2002. In May of 2001, the Board adopted the FY 2001 operating budget. At this meeting, the board will review and adopt the operating budget for FY 2002. Mr. Wong thanked Mr. Mike Hudson and Mr. Rich Nafziger for their suggestions and help in improving the layout and detail of the budget.

Motion 02-87-02

A motion was made by Ms. Loomans and seconded by Mr. Nafziger that the WTECB approve the Agency Source of Funds and Operating Budget for the period July 1, 2002, to June 30, 2003. The motion passed.

2002-03 Allocation of Carl D. Perkins Career and Technical Education Act

Mr. Wong reminded the Board this information had been in the March 28, 2002, packet and represents the annual adoption of the Carl D. Perkins federal funds that come into the agency. WTECB is the eligible entity identified in the Carl Perkins legislation and as such receives and distributes these U.S. Department of Education monies. Clarification on the mandated non-traditional funding category was provided in response to a question from Ms. Kiesling.

Motion 02-87-03

A motion was made by Commissioner Mundy and seconded by Mr. Pinzone that the WTECB approve the Distribution of PY 2002 Federal Vocational Education Funds (July 1, 2002 – June 30, 2003). The motion passed.

“Workforce Training Results: 2002”

Ms. Ewing noted this is the best performance information available from any state and complimented the work and highly commended and thanked the staff. Mr. Wilson made the introductions and continued that every two years WTECB has the responsibility for evaluating the gross outcomes of workforce training programs and every five years the net impacts of the programs. Mr. John Bauer, Research Manager summarized the findings of the gross outcome evaluation and Kevin Hollenbeck, Senior Economist with the W. E. Upjohn Institute, the contractor for the net impact evaluation, reported on his preliminary findings.

Mr. Bauer began that this is the fourth study that WTECB has done of the outcomes of the major training programs in the state. He reported on ten programs. Commissioner Mundy questioned that this data was for 1999-2000 participants. Mr. Bauer explained that is the most recent year for which 9 months of follow-up data is available. Commissioner Mundy wondered if, with the institution of WorkSource Center (i.e. One Stops), whether the availability of labor market information has changed since the survey. She also questioned whether the participants understood the survey questions in the ways intended. Mr. Wilson stressed that we have found similar problems with meeting participants' needs for labor market information in the past. We will be repeating this survey beginning again in the fall and probably a year from now there would be enough respondents for WIA to compare the results for WIA Title I to JTPA. The year of exiters was July 1, 1999, through June 30, 2000. This was after WIA was passed. Although WIA did not become effective officially in our state until July 1, 2000, we had already begun the process of instituting One Stop in our state and had many One Stop Centers in place during the 1999-2000 year. Commissioner Mundy suggested that focus groups be used to test how the questions are being asked and to get at the root of the issue. She asked Mr. Wilson to supply her with a copy of the survey questions. Mr. Nafziger asked staff to provide him with data showing the trend lines on the results during the past eight years. He felt this would be very useful information for his staff. Mr. Bauer continued and noted that the new employer survey instrument included changes suggested by the Board. As a result, comparisons cannot be drawn

with previous results on employer satisfaction. The new results are much higher. Mr. Bauer continued with the gross outcomes on employment and earnings. For training programs serving the adult general population, the earnings are much higher than before.

Mr. Bauer turned the presentation over to Mr. Kevin Hollenbeck who presented the preliminary net impact evaluation findings. So far he has found very strong positive impacts from community and technical college training and apprenticeship, positive impacts from secondary career and technical education and private career schools, and small positive impacts from JTPA Title IIA for disadvantaged adults. He has generally been unable to find positive impacts from JTPA Title IIC for disadvantaged youth and from adult basic education for students who did not also enroll in vocational training.

The Gap: 2002

Mr. Wilson advised that another of the Board's legislative assignments is every two years to assess the supply of workforce training, the demand for workforce training, and the gap in between them. One of the most important components of that is looking at the supply and demand for postsecondary workforce education at the community and technical colleges. Mr. Wilson discussed the gap and the methodology that is used to estimate the number of additional workforce education student FTEs we need at the community and technical colleges in order to close it. Mr. Wilson introduced Board staff Mr. James Hu, who had calculated the numbers.

Higher Education Funding: Needs and Solutions

Ms. Ewing introduced Governor Booth Gardner who had been invited to discuss higher education funding with the Board. Governor Gardner stated that he and Governor Evans have agreed to spend some time working to address this issue. They have reached two conclusions: first, capacity has to be enhanced significantly in order to meet the needs of the large number of students coming our way, and second, something has to be done about funding higher education; the present system cannot fund the needed capacity. They are putting together an initiative to the legislature to address these problems. He noted this would require a substantial effort. They are looking at what North Carolina did as a possible model. Their facilities were atrocious and they put together a comprehensive package to the voters and treated it like a campaign. Mr. Pinzone asked about the timetable. Governor Gardner indicated they are shooting for the next legislative session for the capital budget issues.

Closing the Gap: Creative Strategies for Federal Attention

Ms. Ewing introduced Mr. David Harrison, Senior Policy Advisor for Senator Maria Cantwell. Ms. Saunders noted that Mr. Harrison is a workforce development leader, a very good friend and colleague, and also the founder of the Northwest Policy Center at the University of Washington.

Mr. Harrison said it was an honor to be at the meeting. He extended Senator Cantwell's thanks for being her partner on the workforce development strategies she has been involved in. He continued that Ms. Cantwell believes, as does the Workforce Board, that skills and knowledge are the key to functioning in the 21st century.

Mr. Harrison discussed Senator Cantwell's themes. The first is "access." She believes that the gap is huge and that the total number of people that would like to enroll in training programs is much larger than the supply of seats. The second theme is "partnerships," private/public partnerships, federal/state/local partnerships—people working together to make the system responsive to the needs of workers and employers. The third theme is "integration." Senator Cantwell is very concerned about program silos that get in the way of programs working together to serve people. She feels that technology is one way to further integration and to get more efficiency in the system.

Mr. Nafziger took a moment to report on a major new effort of the community and technical colleges in workforce education. The effort is aimed at linking their programs to competitiveness in the state. A study is being conducted by the Northwest Policy Center to identify the key industries in each region of the state and identify the number of job openings by skill level and how well the supply of college programs match that demand. The study will show which industries will be driving the economy in each region over the next five to ten years and which programs need to be up and running to make these industries competitive. In October the colleges in each region will convene and make decisions on how they are going to operate as a team at the regional level to address specific skills needs. The regional strategies will then help determine how funding is allocated in the future.

Chairperson's Report

Ms. Ewing discussed the Health Care Personnel Shortage Task Force that the Board is convening to address the shortage of health care personnel. The Task Force is chaired by Brian Ebersole, President of Bates Technical College. Dr. William Gray, campus Executive Officer and Dean, Washington State University is vice-chair. The Task Force will report to the Legislature by the end of the year on recommendations for addressing the shortage.

Ms. Ewing continued and noted that ten recertification requests have been received from the WDC's and the last two are working hard to finalize their requests. She mentioned that the demographics of their membership needs to be addressed. Some of the Councils have few women on them. For the WDCs information Commissioner Mundy supplied population data by county that shows the racial and ethnic diversity of their population.

Ms. Coleman asked about the North Central WDC. Ms. Ewing advised that the WDC had requested a waiver of the prohibition on WDCs providing training. The recertification committee provided feedback on this request and Ms. Saunders and Mr. Gary Gallwas of Employment Security Department will respond to the WDC.

Mr. Lee and Ms. Lund discussed their visit to the Snohomish County WDC. Messrs. Atherton and Wilson reported on the Tri-County WDC visit. Ms. Loomans shared some highlights from the dinner with the Snohomish WDC the evening before. Commissioner Mundy announced that Grays Harbor was chosen the number one WorkSource Center in the country. Ms. Saunders reported on her visit and Rick Bender's to the Spokane WDC.

Ms. Ewing mentioned this year's Board retreat to be held in Kingston at the Northwest Laborer's Training Center, July 25-26, 2002. At the retreat the Board will discuss it's plans for the coming year. Last year we made the commitment to each visit a WDC; she hoped the members found it valuable. She asked the Board to be prepared for this discussion.

Ms. Ewing discussed the Board committee that will be looking at the agency budget and strategic plan for 2003-05. Members for the committee are: Messrs. Hale, Hudson, Bender, and Lee.

Executive Director's Report

Ms. Saunders mentioned three follow-up items from last year's retreat: The relationship with the local WDCs; improving the quality of labor market information available to education and other agencies for planning; and marketing. She discussed the marketing partnerships that have been put in place recently. We are following up on our advocacy goal to increase the awareness of young people and their parents about the good jobs that are available that don't require a baccalaureate degree.

Ms. Saunders discussed the Washington Award for Vocational Excellence (WAVE) financial shortfall that was experienced this year because more students took advantage of their award. This will be complicated in the next couple of years by increases in tuition at the community and technical colleges and the four-year institutions. WTECB is preparing a request for sufficient funds in 2003-05 to make the two-year commitment real.

Commissioner Mundy had represented the Board at a WAVE award ceremony recently and had been very impressed. The students thanked the Board, they thanked everybody, their responses had been so spontaneous.

Ms. Saunders explained the technical assistance page clarifying how the local WDCs can use WIA resources to increase training capacity in programs already at full capacity. Mr. Gary Gallwas worked this with the Department of Labor and this was sent out with favorable responses.

High Skills, High Wages: Washington's Strategic Plan for Workforce Development – Our Agenda for Action

Mr. Wilson explained this was the day to act to adopt "High Skills, High Wages" for 2002. There had been an extensive process getting input from all the stakeholders and the general public. The Board reviewed the draft in March and that input has been incorporated. Ms. Thompson went through the major changes. Mr. Bill Palmer, Executive Director, Department of Services for the Blind, thanked the Board for enhancing the Plan's strategies to improve services to people with disabilities. He applauded the Board for their work.

Mr. Jeffries noted his objection to page 37, Objective 3.1: Increase high school graduation rates. He felt that strategy, even with the inclusion of the shaded portion on page 38 is still too broad for the scope of the Workforce Board. He suggested that the language be changed to say "increase high school graduation rates for youth in workforce development programs."

Ms. Ewing advised that this is not saying that the Workforce Board or OSPI is solely responsible for this. Clearly the lead organization is OSPI and since this is one of the objectives of OSPI the Workforce Board wants to join in partnership to support and reinforce it. Mr. Jeffries said he wants to be on record to say the Objective is too broad.

Motion 02-87-04

A motion was made by Mr. McGinnis and seconded by Mr. Pinzone that the Workforce Training and Education Coordinating Board adopt the 2002 edition of "High Skills, High Wages: Our Agenda for Action." The motion passed.

Workforce Investment Act Title I-B: Results Reported by States and Incentive Awards

Ms. Ewing noted that the Board staff put together the data in this tab, data that has probably not been made available to any other Board in the country.

Mr. Wilson thanked Board staff, Mr. Carl Wolfhagen, who put this together. Mr. Wilson continued with his presentation.

Mr. Wilson reviewed the data and explained how it shows that the results reported by the 50 states are not based on reliable and comparable data. The report also shows that the federal incentive awards have been based on performance targets that were not consistently set across states.

Workforce Investment Act (WIA) Reauthorization

Mr. Wilson advised that over the past couple of months an expanded Interagency Committee (with additional representation of the WDCs) has developed a consensus paper on the major things we would like to see changed in WIA. The paper addresses performance accountability, one-stop sustainability, employer services, access to training, state and local board membership, and technical amendments.

Ms. Ewing asked what the next steps are. Mr. Wilson indicated if it's approved by the Board, the next is approval of the Governor's office and then communicating this as the State's position to the Department of Labor and our Congressional Delegation.

Motion 02-87-05

A motion was made and seconded that the WTECB adopt the comments on Workforce Investment Act Reauthorization and forwards the comments to the Office of the Governor. The motion passed unanimously. (Motion maker and seconder unclear on tape.)

Carl D. Perkins Reauthorization: Accountability Issues

Mr. Wilson discussed that Board staff had met with staff of SBCTC and OSPI and discussed what changes they would like to see in the Perkins Act. They were supportive of changes in the accountability section of Perkins. Board staff used the interagency Performance Management for Continuous Improvement (PMCI) workgroup to develop the recommended changes, which began on page 1 of the yellow pages. Mr. Wilson continued and explained the weaknesses in Perkins Core Indicators and how they should be changed.

Motion 02-87-06

A motion was made by Mr. Pinzone seconded by Ms. Coleman that the WTECB adopt the paper on Carl D. Perkins Reauthorization: Accountability Issues, and forward the paper to the Office of the Governor. The motion passed.

Northwest Workforce Development Council (WDC) Report on Strategic Plan Implementation Progress

Ms. Ewing introduced Ms. Gay Dubigk, Director of the Northwest WDC. Ms. Dubigk briefly described their 27 member Board that had been grandfathered in from the previous Private Industry Council. She mentioned that their Board uses the Malcolm Baldrige criteria for quality management. For the past 13 years their Board has hosted a day-and-a-half community planning forum where stakeholders and local elected officials discuss emerging issues in their region and decide where they want to focus. From that, an action plan for the year is created. She advised that their WorkSource Center was the first that Senator Cantwell visited in Washington State and they felt honored and proud. During her visit Senator Cantwell talked directly with some job seekers. She spent twice as much time as she intended and knew just the right questions to ask and it was a good event for everyone. Ms. Dubigk completed her comments by noting that the Northwest WDC is one of the best performers in the state.

Ms. Loomans distributed some information on CEO compensation from Mr. Bender.

Ms. Ewing thanked the Board, the participants, and the audience, and the meeting was adjourned at 3:35 p.m.

Ellen O'Brien Saunders, Secretary

A handwritten signature in black ink, appearing to read "Ellen O'Brien Saunders". The signature is written in a cursive, flowing style.

**WASHINGTON STATE
WORKFORCE TRAINING AND EDUCATION COORDINATING BOARD
SPECIAL MEETING/TELECONFERENCE
WTECB 2003-05 BIENNIAL BUDGET PROPOSAL**

AUGUST 28, 2002

The meeting was called to order by Chair René Ewing at 1:30 pm. at the Executive Offices of the Workforce Training and Education Coordinating Board in Olympia, Washington. The following Board members were in attendance:

Rick Bender, Labor Representative
Geraldine Coleman, Business Representative
Sylvia Mundy, Employment Security Department (ESD)
Joe Pinzone, Business Representative
Beth Thew, Labor Representative
Tony Lee, Targeted Populations
John Atherton (Alternate for Dennis Braddock), Department of Social and Health Services (DSHS)
Sally Zeiger Hanson (Alternate for Earl Hale), State Board for Community and Technical Colleges (SBCTC)
Mike Hudson (Alternate for Don Brunell), Business Representative
Brian Jeffries (Alternate for Terry Bergeson), Superintendent of Public Instruction (OSPI)
Ellen O'Brien Saunders, Executive Director

Welcome and Introductions

Ms. René Ewing welcomed the Board members and introduced the new Board member, Ms. Beth Thew with the Spokane Labor Council.

Motion 01-Special Meeting-02

A motion was made by Mr. Bender and seconded by Commissioner Mundy recognizing the many contributions of Board Member Gay Kiesling, particularly her commitment to non-traditional training for women and her extraordinary preparation for board meetings and since her tenure on the Workforce Training and Education Coordinating Board ended June 2002, that the WTECB convey their appreciation of her contributions to the Board and the citizens of the state of Washington. The motion passed.

Motion 02-Special Meeting-02

A motion was made by Mr. Hudson and seconded by Mr. Bender recognizing the calm assistance and dedication of Caroline Haggard in her support to the Board and since she is retiring from state service in September 2002, that the WTECB conveys appreciation and congratulations to her for her service to the Board and the citizens of the state of Washington. The motion passed.

WTECB 2003-05 Strategic Plan and Biennial Budget

Ms. Saunders gave some background on the budget and the Board's budget development committee [Chair René Ewing, Rick Bender, Tony Lee, Mike Hudson (for Don Brunell), and Jim Crabbe (for Earl Hale)] which had held two meetings. The Board committee had discussed the Strategic Plan and per the budget instructions for the 2003-05 submission had identified the High, Medium, and Low priorities among General Fund-State funds. Ms. Ewing complimented the committee and staff on their good work on this difficult task.

Mr. Wong shared how the Strategic Plan is part of the budget submission. Mr. Wong directed attention to the "State and Federal Program and Annual FTEs" chart.

Commissioner Mundy asked about the location of the WAVE fund. Mr. Wong indicated it is part the Higher Education Coordinating Board budget. Mr. Wong explained the breakout of funds. Mr. Bender asked about the reduction of the workforce policy budget from last biennium. Mr. Wong indicated it was reduced by 5 to 6 percent. Commissioner Mundy asked about line item breakdown. Mr. Wong indicated the breakdown by cost category was provided to the Board with the Operating Budget adoption in May. We will go through a more formal allotment process after the budget is submitted.

There was considerable conversation regarding the Agency Activity Inventory. In the Agency Activity Inventory, \$3,341,000 is maintenance level. Ms. Saunders explained the identification of INTEC and its relationship to our core mission. Mr. Bender asked how many WTECB FTEs would be affected by a cut to INTEC. Mr. Wong indicated none.

Mr. Wilson addressed the Performance Measures and Priorities by Program, beginning on page 17 of the document. He also spoke to the attached handout of graphs depicting current and projected performance.

Commissioner Mundy asked Mr. Wilson to briefly explain the process of how he came up with targets. She also asked if there would be adjustments made later, if needed. Mr. Wilson indicated yes, it is not static.

Ms. Ewing wanted a sense of whether these measures are achievable. Mr. Wilson indicated yes, looking at past trend lines. The toughest will be closing the skills gap.

Mr. Pinzone questioned whether the assessment of partnership building is enough of a target. Mr. Wilson felt it is. It's difficult to make everyone happy because of our regulatory capacity. Ms. Saunders mentioned clear, frequent, thorough communication being a strategy to improve this. Ms. Saunders has particular concern on the ability to improve the scores on the agency self-assessment and employee survey. The agency was near the top of state agency scores. Mr. Wilson drew attention to system measures on page 35-41. Ms. Ewing and Commissioner Mundy asked about more current numbers. Mr. Wilson said they would be inserted before the packet is forwarded to the Office of Financial Management. Commissioner Mundy complimented the staff work.

Ms. Thew asked, other than the impact on the Spokane Workforce Development Council (WDC), will this be fairly invisible to other WDCs. Ms. Saunders thought so. She noted the INTEC investment is unique.

Motion 01-Special Meeting-03

A motion was made by Commissioner Mundy and seconded by Mr. Bender that the WTECB approves submitting the 2003-2005 biennial budget to the Office of Financial Management. The motion passed.

Staff presented a conference update. The Best Practice awards were discussed. Nominations can come from the WDCs and Board members and the more lead-time the better. Ms. Ewing encouraged the Board members to participate in the leadership role of the conference and noted this is our opportunity to demonstrate our commitment. Sending an e-mail to the Board members, their assistants, and the Interagency Committee is part of the marketing plan. The next Board meeting will be October 2, 2002, and will be held in Olympia. The meeting calendar for 2003 will be set at this meeting. Because of the conference the November 20, 2002, meeting will be rescheduled for one-half day in December.

Ms. Ewing thanked the Board, the participants, and the audience, and the meeting was adjourned at 2:30 p.m.

Ellen O'Brien Saunders, Secretary

A handwritten signature in black ink, appearing to read "Ellen O'Brien Saunders". The signature is written in a cursive, flowing style.

WORKFORCE TRAINING AND EDUCATION COORDINATING BOARD
PROPOSED YEAR 2003 MEETING SCHEDULE

The following dates and locations are proposed for the Workforce Training and Education Coordinating Board meetings for 2003 and have been identified after polling Board members. Standing meetings of other organizations (e.g., State Board for Community and Technical Colleges, State Board of Education, Association of Washington Business, Washington State Labor Council, etc.) have been accommodated to the extent possible.

WTECB 2002 MEETING DATES	LOCATION
January 30, 2003 (Thursday) <i>Board Meeting</i>	Olympia
March 27, 2003 (Thursday) <i>Board Meeting</i>	Olympia
June 5, 2003 (Thursday) <i>Dinner with local workforce leaders</i> June 6, 2003 () <i>Board Meeting</i>	Bellingham
July 30, 2003 (Wednesday) <i>Retreat</i> July 31, 2003 (Thursday) <i>Retreat</i>	TBA
September 29, 2003 (Monday) <i>Board Dinner</i> September 30, 2003 (Tuesday) <i>Board Meeting</i>	Wenatchee
November 18, 2003 (Tuesday) <i>Board Dinner</i> November 19, 2003 (Wednesday) <i>Board Meeting</i>	Vancouver

Board Action Requested: Adopt the 2003 meeting calendar for the Workforce Training and Education Coordinating Board.



STATE OF WASHINGTON

Workforce Training and Education Coordinating Board

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September 10, 2002

The Honorable Gary Locke
Governor
State of Washington
P.O. Box 40002
Olympia, WA 98504-0002

Dear Governor Locke:

On July 22, 2002, you wrote members of the Workforce Board asking us to focus on how to improve "employer involvement" in the workforce development system during our annual planning session. You noted such engagement is "... an underlying element of all workforce development activities..." I'm writing to report on the results of our work.

After a review of the "system," and an examination of our methods for measuring our collective progress, we focused on your challenge.

The Board identified a significant range of ways to recognize, engage, and support employers as "customers" for our services, and "partners" for our work. We targeted the following areas for discussion: Promoting Skill Standards and Career Pathways; Policy Advocacy; the November Leadership Conference; our Key Economic Clusters strategy; and Employer Recognition. A long list of possible actions emerged from this work. More discussion led to the following commitments:

- Increase employer use of WorkSource centers through more active marketing and demonstration of value.
 - Currently, 7% of employers use WorkSource services. While this is higher than the national measure (5%) it's not good enough.
- Promote employer utilization of, and support for, skills standards/career pathways through more active marketing and demonstration of value.
 - Community and technical colleges have reformed many programs to meet specific employer skill needs. And, the K-12 system is reforming its Career and Technical Education programs to meet both academic standards and skill standards. Many local initiatives have developed tools that would be of benefit for a broader group of employers. But many employers don't know about these reforms and tools, and employers' important role in sustaining momentum for educational change. Our marketing challenge is to be sure that employer "demand" for these improvements is strong and sustained.



- Link Workforce Development with Economic Development through a “cluster” strategy designed to support and strengthen the key industries that drive economic vitality and offer individual opportunity.
 - This initiative, begun two years ago with your request to the legislature (2000 session) for resources to support both industry “skill panels” and high demand program capacity continues to gain momentum. We’ll continue our work to sustain skill panels, develop agreed-upon priorities for funding among the collaborating state agencies, and invest in high quality research. A new emphasis on partnerships with trade associations will enable us to work with related businesses more efficiently.
- Advocate for Workforce Development and positively influence federal and state legislative process.
 - At the state level, we committed to actively engaging business to support the Human Capital recommendations of the Competitiveness Council as well as the consensus recommendations of the Health Care Personnel Shortages Task Force (hosted by the Board). At the federal level, we will engage business groups in advocacy for federal policy changes that will improve both efficiency and services in federally-funded programs.
- Highlight and recognize employer-based solutions in key areas.
 - Currently, there is little formal “recognition” of businesses that are leaders in such workforce development strategies as incumbent worker training, wage progression strategies, creating opportunities for students to learn in the workplace (work-based learning), or utilization of skill standards. A recognition program will begin as a part of the November Leadership Conference.

I hope that this short recap helps you see the impact of your instructions. Please let me know if you have any questions.

Sincerely,



Ellen O'Brien Saunders
Executive Director

cc: Workforce Training and Education Coordinating Board Members
Debora Merle, Executive Policy Advisor, Governor's Executive Policy Office

WORK SESSION
WTECB BOARD RETREAT
How to Engage Employers in Key Agenda Items
7/26/2002

1. Leadership Conference: Host successful Workforce Strategies 2002 Conference with increased private sector participation.
2. Policy Advocacy: Positively influence federal and state legislative process.
3. Cluster Strategy: Link Workforce Development with Economic Development (Trio; skills panels; WDCs; regional meetings).
4. Skill Standards: Promote expansion of industry-based certifications and K-12 career pathways.
5. Employer Recognition: Highlight employer solutions in key areas: wage progression, employment of people with disabilities and other target populations, and utilization of internships and other types of work-based learning.

LEADERSHIP CONFERENCE – Brainstormed Ideas

A. PLANNING/ORGANIZATION

- All ideas should support a theme.
- Continue best practice recognition.
- Involve assistance of local Chambers of Commerce and EDCs.
- Treat employers as our customer at the conference (partners).
- Share best practices of system building.
- Provide opportunities to showcase WDCs and state partners.
- Affordable for all types of employers.
- The theme should have a flavor to support business, and help bottom line.
- What provides value in the short term?
- Involve Apprenticeship Industries.

B. IDEAS

- Explain what One-Stop means to employer and employee (Awareness Session).
- Add a golf tournament (Bingo for older employers?).
- Ask business association to organize and run panels.
- Give monetary partnership awards?
- Develop incentives for employers.
- Statewide ESD Business Advisory Council presence.
- Trade show at conference WDCs/program providers.
- A mini WorkSource.
- Have mixers for good communication.
- Exposure to Internet (Distance/E-Learning).
- ESD WorkSource demonstration.

- A star CEO for keynote.
- Industry to provide (small, medium, and large) CEO Panels/Round Table (Trade Associations).
- John Deere
- Keep emerging industries in mind.

C. PROMOTION

- Promote partnerships at conference.
- Reach out to trade associations for program participation.
- AWB to promote conference.
- Involve students! K-12-Post K-12 as they relate to employers. International as well as domestic associations.
- Understand needs of “Business” i.e. large, medium, and small.
- Address “What’s in it for me?” in program and publicize.
- Demonstrate the “value” of the conference.
- Sell, Sell, Sell!
- Advertise and market event.

D. COMMITMENTS

- Board members to invite one or two business leaders to attend.

POLICY ADVOCACY – Brainstormed Ideas

A. STRATEGY

- Perform on key areas (to sell ideas).
- Visit editorial boards.
- Engage WDC private sector leaders to carry key message: policy advocacy. Create a clear easy to communicate message for legislative leaders and supporters.
- Work together to reach our goals through the legislative process.
- Keep a watch on engineering industries.
- Determine market/audience.
- Use connections to deploy people.

B. POLICY

- Focus on what is key.
- Policies should assist in assuring our businesses are competitive.
- Expand college and apprenticeship enrollments FTE expansion.
- Increase Customized Training (Competitiveness Council recommendation).
- Adopt Governor’s Competitiveness Council Recommendations? – (Agreed to support Human Capital Recommendations).
- Assure policies are calculated to increase revenues or decrease expenses (fair and consistent tax and regulatory environment [policy framework]).
- Add resources for funding for incumbent workers.
- Eliminate barriers to health care professions.
- Creation of jobs.
- Calculations of recruitment and training.

- Direct workforce development resources to training services for participants able to benefit? (Best return on \$).
- Identify and advocate policies to reduce high school drop outs.
- Stress rewards for success, consequences for failure.

SKILL STANDARDS – Brainstormed Ideas

- Link program approval and evaluation to skills standards infusion (new programs).
- Skills panels act as source for certifications where industries/associations have not done so; can act as clearinghouse.
- More emphasis on apprenticeship.
- Identify Best Practices through teachers' implementing curriculum for industry skill standards. Monitor employer use.
- Articulation between K-12, tech prep colleges, apprenticeship, 4-year applied technology, no prior-learning assessment. (Basic skills, ESL, higher ed.)
- Get involved in Pathways Projects.
- Advocate with local WDCs to sponsor K-12 partnerships (Edmonds – example).
- More effectively link skill standards work among OSPI, SBCTC, WTECB, and others.
- Increase \$ - place more emphasis on skill standards in Job Skills Program.
- Market to employers.
- Distribute skills standards documents at no charge to industries and education broadly.

CLUSTER STRATEGY – Brainstormed Ideas

- Rename this to competitiveness?
- Continue visits to WDCs (and meetings held in their communities) and encouraging involvement with businesses.
- Involve key trade association executives in planning for key industry initiatives.
- Better/more relevant LMEA data.
- Develop policies that will encourage expansion of clusters.
- Share and promote our state's strategies/successes with other states.
- Seek OTED involvement.
- Learn from SKILLS Panels (private sector).

EMPLOYER RECOGNITION – Brainstormed Ideas

- Begin by asking employers how they would like to be recognized.
- Show impact of employer actions on individual workers/community.
- Partnership Recognition example – Rapid Response.
- Statewide awards for employers (with representatives from all partners present). Recognition of best practices of employers at conferences. WDC nomination of recognition of local employers.
- Send a personal “thank you” to employers for serving on local WDC's – committees – SKILLS Panels.
- Offer to go to companies to talk with executives about workforce partner involvement. This would be at state or local level and with an employer who has had a successful experience.
- PSA spots using testimonials of employers.

- Social activities – recognition breakfast/lunches etc. – regionally.
- Focus on small employers (Mom & Pop shops).
- Ask WDCs to recommend employers for recognition.

PARKING LOT – Brainstormed Ideas

- Social Issue - We need to identify problems we will never be able to solve – i.e. 10% or so of the workforce who are unable or unwilling to progress. We eat up much of our resources that would be better spent elsewhere.
- Mitigate the gap between the haves and the have-nots.
- Assure employers do not have to spend own money on remedial education.
- Create living wage jobs.
- Look at wages and inflation.
- What does it cost to live in Washington?
- Develop a program that will allow small employers to provide health benefits to employees.

GARY LOCKE
Governor



STATE OF WASHINGTON
OFFICE OF THE GOVERNOR

P.O. Box 40002 • Olympia, Washington 98504-0002 • (360) 753-6780 • www.governor.wa.gov

July 22, 2002

Ms. Rene Ewing, Chair
Workforce Training & Education Coordinating Board
Post Office Box 43105
Olympia, WA 98504-3105

Dear Ms. Ewing:

Your work in identifying workforce needs and addressing skill gaps is critically important to our citizens and the long-term prosperity of our state. By ensuring that our training and education programs are responsive to upcoming demands in the job market, you help future graduates find meaningful employment, and provide a strong foundation for the growth and development of businesses statewide.


As you meet for your retreat later this week, I would like you to focus on an underlying element of all workforce development activities: employer involvement. Specifically, how can the Board, and the agencies and constituencies represented on it, engage employers in meaningful ways so that our public investments lead to economic growth and more family wage jobs?

These relationships are pivotal to our success in setting skill standards, expanding youth internships, and increasing job opportunities with good advancement potential. They also are key to devising strategies to assist low-wage workers progress into higher paying jobs, and for ensuring that people with disabilities have access to the widest range of employment opportunities.

We have much to be proud of in Washington: our collective progress in educational reform; creating retraining opportunities for dislocated workers; and building WorkSource as a "one stop" resource for job seekers and employers. To continue advancing toward our goals, we must develop greater partnerships with employers and their workers.

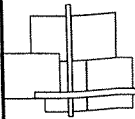
I deeply appreciate your dedicated efforts on behalf of the people of our state. I look forward to learning of the results of your work at this retreat.

Sincerely,


Gary Locke
Governor



Presentation to the House Higher Education Committee
September 20, 2002



The Health Care Personnel Shortage Task Force: Update

Presenters:

Brian Ebersole, Task Force Chair & President Bates Technical College

Bill Gray, Task Force Vice Chair & Dean, WSU-Spokane

Ellen O'Brien Saunders, Director, Workforce Board

Madeleine Thompson, Policy Analyst, Workforce Board

The Workforce Training and Education Coordinating Board

1

Health Care Personnel Shortage Task Force



- Rep. Phyllis Gutierrez Kenney
- Rep. Eileen Cody
- Rep. Steve Conway, and
- Rep. Shay Schual-Berke

➤ Requested that the Workforce Board convene a
Health Care Personnel Shortage Task Force

2



Health Care Personnel Shortage Task Force

- The Task Force is to report to the legislature by December 31, 2002
 - Recommendations to address the shortage

3

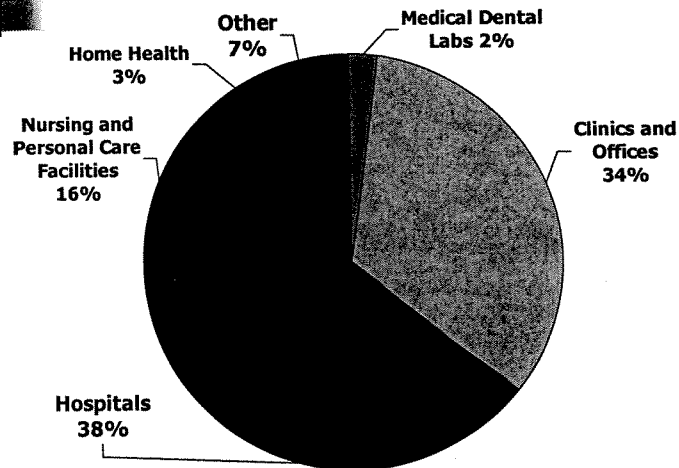


Washington's Health Care Workforce: Shortage Occupations

- Washington is experiencing a severe shortage of health care workers
 - Registered nurses
 - Licensed practical nurses
 - Medical aides
 - Dental Hygienists
 - Billers and coders
 - Laboratory personnel
 - Pharmacists
 - Physicians
 - Radiology technologists
- Washington's acute care hospitals reported a shortage of approx. 2,000 hospital staff nurses

4

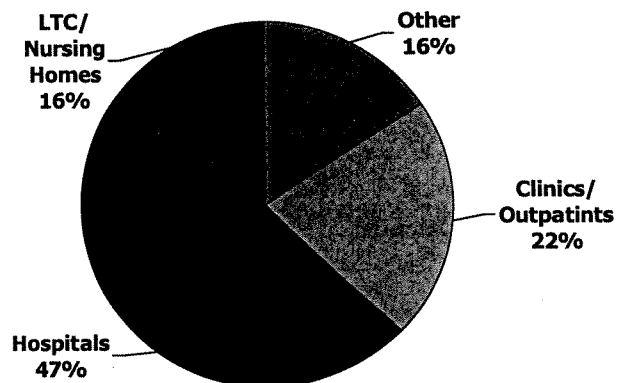
Where Do Health Personnel Work?



Source: Center for Health Workforce Studies, UW

5

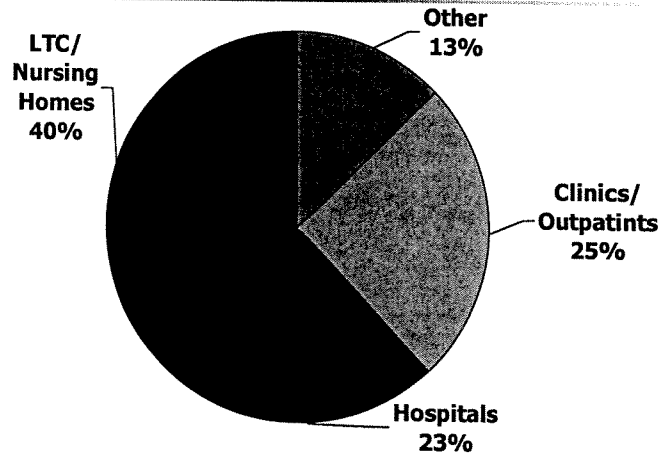
Where do Registered Nurses Work?



Source: Center for Health Workforce Studies, UW

6

Where do Licensed Practical Nurses Work?



Source: Center for Health Workforce Studies, UW

7

Washington's Health Care Workforce: Current Issues

- Demographics indicate the shortage will become more severe
 - The population is aging and will demand more health care services
 - A large proportion of health care workers will retire
- Health care is one of the biggest industries in the state

8



Aging Population Requires More Health Care

- Washington's population is aging:
 - ❖ In 2000: 11% over 65 = 665,000 people
 - ❖ In 2020: 16% over 65 = 1,200,000 people
- Older Adults use more health care services:
 - For example, average days in short-stay hospitals:
 - Over Age 65: 2,570 days per 1,000 population
 - Age 55 - 64: 795 days per 1,000 population

9



Health Care Workers are Nearing Retirement

Nationally:

- Average age of registered nurses (RN's) is 45

Washington:

- Over 69% of RN's are 40 or older

10

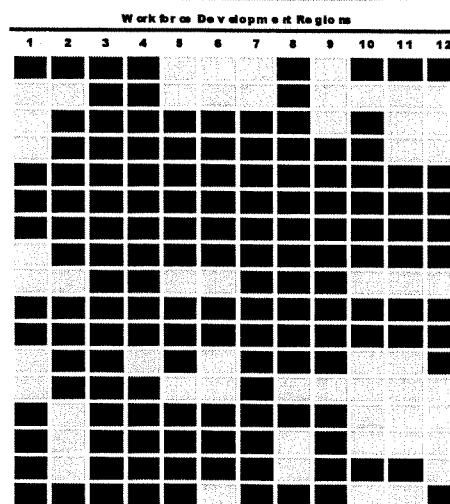
The Health Care Industry: Vital to Economy

- One of the largest industries in the state
- Provides more than \$6.2 billion in wages each year
- Businesses consider a state's health care system when deciding where to locate

11

Acute Care Hospitals Report "Very Difficult to Recruit":

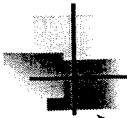
LPNs
 Nursing aides
 MT/CLS
 MLT/CLT
 Radiographer/Radiology Technologists
 Ultrasound Technologists
 Nuclear Medicine Technologists
 Radiation Therapy Technologists
 Medical Records Technologists
 Medical Records Coders
 Licensed Pharmacists
 Pharmacy Technologists
 Physician Assistants
 Dietitians
 Physical Therapists
 Occupational Therapists
 Respiratory Therapists



■ = 0%
 ■ = 1-49%
 ■ = 50-100%

Source:
 Troy Hutson,
 Washington
 State Hospital
 Association

12



Shortages Lead to Increased Divert Status for Hospitals

- 55% of hospitals went on divert status due to a shortage of staff
 - 66% of urban hospitals
 - 46% of rural hospital
- 44% of hospitals went on divert status for a total of more than 10 days due to a shortage of staff
- Other:
 - Emergency room overcrowding
 - Discontinuation of services
 - Reduced number of staff beds
 - Reduced elective surgery

13




Shortages Could Cause Worker Burnout

- High rates of attrition in nursing

In 2000, 18% of registered nurses were not working in nursing
- 69.5% of nurses are moderately satisfied
- Job dissatisfaction, particularly high among staff nurses, related to little control or support
- Job satisfaction increases proportionally with increased time spent in direct patient care

14



Shortages Could Compromise Quality of Care

The Joint Commission on Accreditation of Health Care Organizations reports:

- 90% of long term-care organizations lack sufficient nurse staffing to provide even the most basic of care
- Home health care agencies are being forced to refuse new admissions

15



Lack of Educational Capacity

Education and training providers report:

- Over-enrollment of students in health care programs
- Turning away qualified students due to lack of capacity
- Difficulty finding qualified health care faculty
- Lack of clinical training sites
- Expense of health programs (equipment and faculty supervision) as barriers to increasing offerings

16

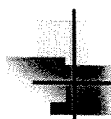


Need for Recruitment and Preparation

Education and training providers report:

- High school graduates and other students are not sufficiently prepared for health care programs (math & science requirements, work-based learning opportunities, awareness of opportunities in health care occupations)
- More entry-level health care workers, dislocated workers, career changers, and diverse populations could obtain (further) qualifications to move up the career ladder but they must be provided with and aware of these opportunities

17



Educational Capacity: How to increase the number of students in education and training?

Objectives Under Consideration

- Develop health care workforce data collection, and education and training capacity data
- Increase and/or redirect funding to increase capacity
- Address efficiency to increase capacity
- Increase opportunities for clinical training
- Encourage youth, diverse populations, etc. to obtain training and education in health care occupations (continued...)

18

Educational Capacity: How to increase the number of students in education and training?

Objectives Under Consideration (continued)

- Encourage health care workers to obtain further education and training to move up the career ladder
- Increase availability and retention of qualified health care faculty
- Create greater flexibility in regulations for licensing and accreditation of programs where possible
- Enable local communities to address health care shortages
- Create a mechanism for monitoring progress

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Recruitment and Retention

Objectives Under Consideration

- Develop professional marketing plans to promote health care occupations to youth, diverse populations, dislocated workers, career changers, and others.
- Promote programs that provide opportunities to explore a variety of health care occupations and the necessary information to pursue a career in health care
- Prepare students academically so they can apply to post-secondary health care programs (continued...)

20

Recruitment and Retention

Objectives Under Consideration (continued...)

- Recruit dislocated/unemployed workers into health care careers
- Strengthen resources directed at recruiting individuals into health care careers
- Improve career advancement opportunities
- Enhance the workplace environment

21

Health Care Personnel Shortage Task Force Membership

- *Brian Ebersole, Chair (President - Bates Technical Colleges),
- *Bill Gray, Vice Chair (Dean - WSU Spokane)
- *Washington State Hospital Association
- *Washington State Nurses Association
- *Higher Education Coordinating Board
- *State Board for Community and Technical Colleges
- *Office of Superintendent of Public Instruction
- *Assoc. of Washington Public Hospital Districts
- *Workforce Training and Education Coordinating Board
- *Service Employees International Union (Allied Health)
- *United Food and Commercial Workers Union (Allied Health)
- *Migrant and Community Health
- *State Medical Assoc.
- *Allied Health
- *Group Health Cooperative
- *Department of Health
- *Rural Health
- *Long-Term Care
- *WA Dental Assoc.

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Health Care Personnel Shortage Task Force

- Charge

- Identify ways to increase education and training program capacity for health care personnel
- Identify ways to improve student recruitment and retention, marketing, and outreach into health careers, including ways to increase the diversity of health professions
- Recommend modifications to state regulations and statutes to help alleviate the shortage

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Health Care Personnel Shortage Task Force

- Committees

- Educational Capacity
- Recruitment and Retention

In formulating strategies committees are considering:

- ✓ *Rural and urban Washington*
- ✓ *Increasing the diversity of the workforce*
- ✓ *All types of health facilities*
- ✓ *All health care occupations*
- ✓ *Impact on quality of care, cost v. benefit*

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Health Care Personnel Shortage Task Force

Meeting notes and other Task Force information
available on the web site:

<http://www.wtb.wa.gov/HEALTHCARETASKFORCE.HTM>

71 Stevenson Street, Suite 830
San Francisco, California 94105-29201111 Third Avenue, Suite 815
Seattle, Washington 98101-3212

September 20, 2002

EXECUTIVE OFFICE

SEP 24 2002

WORKFORCE TRAINING AND
EDUCATION COORDINATING BOARD

Ellen O'Brien Saunders, Executive Director
Workforce Training and Education Coordinating Board
128 – 10th Avenue S.W.
P.O. Box 43105
Olympia, WA 98504-3105

Dear Ms. Saunders,

This confirms the Region's acceptance of Washington's requested negotiated levels for program year 2001. Based on our review of your request and discussions with you and your staff, I have determined that the revised levels are reasonable and appropriate. Following are the agreed upon revised levels:

Washington's Revised WIA Performance Levels for PY 2001

	Adult	DW	Older Youth	Younger Youth
Entered Employment	73%	76%	70%	*
Retention	*	91%	74%	60%
Earnings	\$3,440	86%	\$2,682	*
Credential	68%	69%	47%	*

* no revision

These approved revisions must be incorporated into your State Plan through a plan modification. Please refer to Training and Employment Guidance Letter No. 4-02 for instructions in modifying your Plan.

I want to commend you and your staff on a great job of analysis. If you have questions, please contact me at (415) 975-4610.

Sincerely,

ARMANDO QUIROZ
Regional Administrator



A Proud Member of America's Workforce Network

WASHINGTON STATE WIA 1-B TARGETS FOR PY00 AND PY01, COMPARED WITH NATIONAL AVERAGES

Federal Measures	PY 2000 Target	Rank 2000	PY 2001 Target	Rank 2001	PY 2000 Avg Target	PY 2001 Avg Target
Adult Entered Employment	74%	3	73%	8	68%	70%
Adult Employment Retention	82%	3	83%	4	78%	79%
Adult Earnings Gain	\$4,371	1	\$3,440	22	\$3,222	\$3,309
Adult Employment and Credential	69%	1	68%	1	50%	53%
Percent of National Average:	122%	1	111%	2		
Dislocated Worker Entered Employment	79%	6	76%	27	74%	76%
Dislocated Worker Employment Retention	92%	1	91%	2	85%	86%
Dislocated Worker Earnings Replacement	93%	9	86%	43	90%	91%
Dislocated Worker Employment and Credential	70%	1	69%	1	51%	54%
Percent of National Average:	114%	1	107%	5 (tie)		
Older Youth Entered Employment	71%	2	70%	5	63%	64%
Older Youth Employment Retention	77%	12	74%	35	75%	76%
Older Youth Earnings Gain	\$2,900	20	\$2,682	30	\$2,739	\$2,819
Older Youth Employment and Credential	52%	1	53%	4	43%	45%
Younger Youth Skills Gain	50%	47	60%	47	66%	68%
Younger Youth Diploma or Equivalent	50%	27	51%	30	49%	51%
Younger Youth Retention	61%	2	60%	4	51%	53%
Percent of National Average:	106%	18 (tie)	101%	29		
Employer Satisfaction	61	43	63	43	65	67
Participant Satisfaction	75	2	75	2	68	69
Percent of National Average:	102%	12	101%	16		
Overall Percent of National Average:	111%	2	105%	16		



STATE OF WASHINGTON

Workforce Training and Education Coordinating Board

128 - 10th Avenue, S.W. • P.O. Box 43105 • Olympia, WA 98504-3105

Phone: (360) 753-5662 • Fax: (360) 586-5862 • Web: www.wtb.wa.gov • Email: wtecb@wtb.wa.gov

June 21, 2002

Armando Quiroz
Regional Administrator
U.S. Department of Labor
Employment and Training Administration
Post Office Box 193767
San Francisco, California 94119-3767

Dear  Quiroz:

On behalf of the Governor of Washington State, the Workforce Training and Education Coordinating Board requests revisions in Washington's PY2001 negotiated levels of performance for Title I of the Workforce Investment Act (WIA). Since the negotiated levels of performance were agreed upon in June 2000, our state has experienced unanticipated changes in our economy, characteristics of program participants, and services that have affected program performance. Per section 136(b) (3) (A) (vi) these unanticipated changes are grounds for requesting revisions.

The national recession, the impacts of September 11, and the downturn in the aerospace industry have all hit our state's economy hard. Our unemployment rate during 2001 was the highest in the nation, and so far during 2002, our unemployment rate has been the second highest. We anticipate that the Department will want to grant Washington revisions due to changed economic circumstances that will be as large as the revisions granted to any state.

Washington has also experienced unanticipated changes in the characteristics of program participants. A major circumstance underlying this change was the implementation of WorkFirst, the state's welfare-to-work program. Since the implementation of WorkFirst, we have experienced an approximately 50 percent decline in the percent of public assistance recipients in WIA Title I adult and youth programs compared to participation under the Job Training Partnership Act. The decline in public assistance recipients has negatively affected our ability to achieve strong earnings gains since gains are easier to achieve when providing training to individuals with no prior earnings. Unrelated to WorkFirst, we have also seen an increase in the prior earnings of dislocated workers, making earnings replacement harder to achieve.

Our baseline estimates used for negotiations included harder to serve individuals funded using incentive funds. Removing these individuals from the baseline estimates (a correction to baseline calculations such as referred to in TEGl 11-01) creates a better predictor of actual participant demographics under WIA. Changes in services, at last in part due to the implementation of WorkFirst, reduced the number of participants that received training. As a consequence, baseline estimates for the measures of credential attainment were too high to be good predictors of



Mr. Armondo Quiroz
Page Two
June 21, 2002

performance under WIA. Finally, services under WIA have had the unanticipated effect of lowering the prior educational attainment of "younger youth," again impacting negatively the performance results.

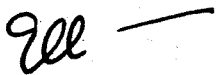
In order to document the impacts of these unanticipated changes in the factors, we have developed a regression model for 13 of the core indicators in the act. Each regression model, using data for the time period involved in the measure for PY 2001, shows the change in the economic and demographic factors and the impact on performance as measured by the core indicator.

When Washington negotiated the levels of performance with the Department of Labor, we explicitly stated that we were basing the negotiations on the economic, demographic, and service factors that existed during the baseline year. We made no attempt to guess how these factors might be different during the implementation of WIA. During the negotiations, we referenced the provision in WIA allowing the Governor to request revisions should circumstances change the factors, and indicated that should the factors change and affect performance we would be requesting appropriate revisions in the performance levels, as we are now doing. We view any change in the economic, demographic, or service factors from the baseline period as unanticipated. It should also be noted that for many of the measures, Washington has the highest negotiated levels of performance in the nation. Given this, we hope that the department will keep interstate equity issues in mind this year as it reviews requests for adjustments.

At this time we are requesting revisions for PY 2001 only. The extent to which the factors will be different for PY 2002 cannot be known at this time. We anticipate requesting revisions to PY 2002 performance levels in June 2003.

Enclosed please find the documentation described in this cover letter. Should or your staff have any questions or need additional information, please contact myself, or Bryan Wilson (360-753-0891), or Carl Wolfhagen (360-753-5661). Thank you for your consideration.

Sincerely,



Ellen O'Brien Saunders
Executive Director

Enclosure

cc: René Ewing, Chair, WTECB Board
WTECB Board Members
Michael Brauser, Associate Regional Director, USDOL Region 6, Employment & Training
Debora Merle, Executive Policy Advisor
Gary Gallwas, Assistant Commissioner, ESD, Employment & Training
Ed Leslie, Training Programs Director, USDOL Region 6, Employment & Training
Shelia Jones, Performance Management Specialist, USDOL Region 6, Employment & Trng
Rosemary Kafara-Cowan, Federal Liaison, USDOL Region 6, Employment & Training

Workforce Investment Act State Negotiated Levels of Performance Revisions Requested by Washington State

I. Mitigating Factors

We request that Washington's negotiated levels of performance for Program Year 01 (2000Q4 – 2001Q3) be revised because of three unanticipated circumstances.

- The Economic Downturn
- Changes in Participant Demographics
- Invalid Assumptions Regarding the Baseline Data

Performance levels were established largely on the basis of observed outcomes for participants leaving JTPA programs from 1997Q3 through 1998Q2. Participants leaving WIA programs during PY01 faced a substantially weaker labor market, and their demographic characteristics differ dramatically from those exiting during the baseline period. Moreover, critical assumptions regarding the measurement of credential attainment in the baseline data have proved to be wrong.

The Economic Downturn

Washington followed the nation into recession during 2001, and the impact of the September 11th attacks have been especially severe for our state. Job growth has declined and unemployment has risen substantially.

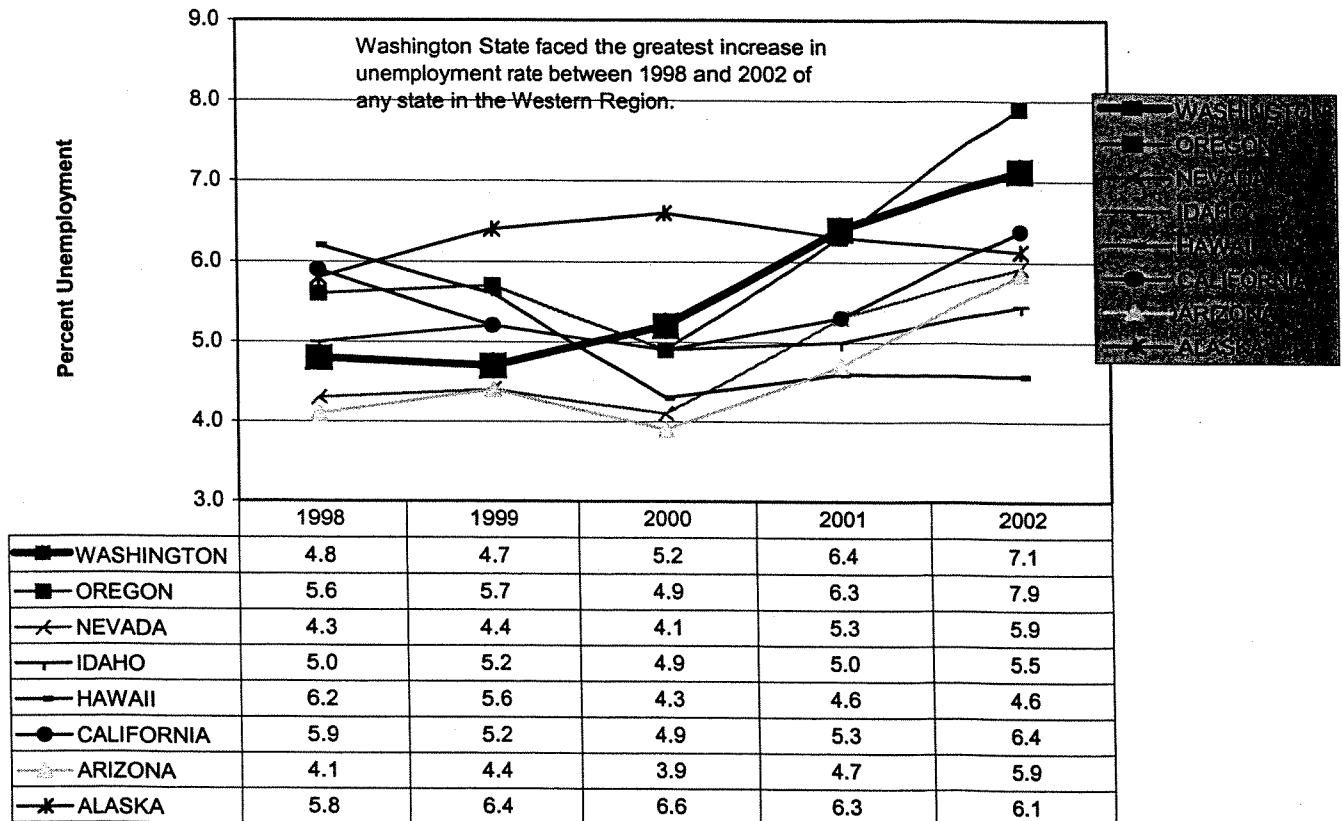
Payroll employment fell during the second and third quarters of 2001; the first consecutive two-quarter decline since the 1981-82 recession.¹ The unemployment rate rose from 5.4 percent in December 2000 to 7.3 percent in December 2001, and it reached a peak of 8.3 percent in January 2002. Substantial job losses occurred over this period in manufacturing, construction, wholesale and retail trade, and business services.

The manufacturing sector had serious problems. The Boeing Company, in the wake of the September 11th attacks, announced that it intended to cut 20,000 to 30,000 jobs, most to occur in Washington by mid-2002.² High-tech manufacturing industries—electronics, industrial machinery, and computer equipment—were hurt by excess capacity and falling demand.³ Resource-based industries—lumber, paper, food—lost jobs due to excess capacity, greater foreign competition, and problems caused by the drought and rising energy costs. Aluminum smelters, already hurt by low prices, were particularly affected by the energy crisis last summer.

Other sectors also faced difficulties. The four-year boom in construction ended. Construction employment grew at an annual rate of almost 7 percent from late 1995 through the first quarter of 2000. Job growth slowed to 1.4 percent throughout the rest of 2000, and employment declined after the first quarter of 2001.⁴ There were also substantial job losses in business services, including declines in temporary help employment and the much-publicized losses among 'dot.com' firms.⁵

As a result of these factors, Washington had the highest average annual unemployment rate among the 50 states during 2001; it has the second highest rate for the first four months of 2002. Moreover, Washington faced the greatest increase in unemployment rates between 1998 and 2002 of any state in the Western Region.

**AVERAGE UNEMPLOYMENT RATE FOR STATES IN THE WESTERN REGION,
BY YEAR**



Demographic Characteristics of WIA Participants

Washington State used baseline figures developed from the state's JTPA exiters between July 1997 and June 1998 with the understanding that the demographic characteristics of WIA participants could not be accurately predicted. Our approach was to measure changes in economic conditions and associated demographic factors and to propose revisions to WIA targets once the impacts of these factors could be known. The economic factors described above had a measurable impact on the characteristics of program participants. Changes in WIA program design and instructions for performance accountability measurements also had impacts on WIA demographics.

The following table illustrates some of the demographic changes that occurred in adult and youth populations. Each WIA core uses a slightly different population. The core indicator populations for which these demographics are measures are shown in parentheses.

Three basic demographic changes occurred, as measured in the demographics shown for specific populations and measures. First, adult and youth baseline measurements were calculated in 2000 including hard-to-serve populations, per WIA instructions. Instructions had changed by 2001, excluding hard-to-serve populations from WIA reporting (for exiters between October 1999 and June 2000). This change had the impact of making WIA adults considerably easier to serve than had been projected in the baseline period. Compare, for example, the percentage of homeless adults in 1997-98 with the percentage of homeless adults recorded in PY 01.

**Demographic Changes Between JTPA 1997-98 and WIA PY 01
for Adult and Youth Populations**

Adult Demographics (From Population Shown)	1997-98	PY 01
Age 50 or More at Registration (EE)	7.3%	14.3%
African American (EE)	14.7%	6.9%
Disabled (EE)	18.4%	17.3%
Homeless at Registration (EE)	15.0%	4.8%
Dropout (EE)	20.5%	17.4%
Received AFDC/TANF at Registration (EE)	36.2%	15.6%
Received GED as opposed to HS Diploma (EE)	24.8%	12.2%
No Employment in Year Prior to Registration (EE)	41.0%	31.1%
Unemployment Rate Q0_1 Compared to Prior Year (EE)	0.82	1.24
Unemployment Rate In Q2 and Q3 After Exit (RET)	4.7%	7.1%
Average Pre-Program Earnings (Earnings Gain)	\$2,144	\$3,779
Older Youth Demographics (From Population Shown)	1997-98	PY 01
Native American (EE)	7.3%	9.4%
Youth Offender (EE)	28.9%	31.5%
Homeless or Runaway Youth (EE)	5.9%	3.4%
Employment Disability (EE)	12.2%	11.5%
Education Level Below Age Level (EE)	33.6%	47.7%
Achieved High School Diploma at Registration (EE)	23.4%	24.3%
Received AFDC/TANF at Registration (EE)	30.2%	13.6%
Unemployment Rate In Q2 and Q3 After Exit (RET)	4.6%	7.0%
Average Pre-Program Earnings (Earnings Gain)	\$1,381	\$1,829
Younger Youth Demographics (From Population Shown)	1997-98	PY 01
Under Sixteen at Registration (RET)	3.8%	11.0%
Native American (RET)	7.3%	7.8%
Youth Offender (RET)	29.5%	25.3%
Disabled (RET)	11.9%	17.2%
Homeless or Runaway (RET)	2.1%	4.3%
Education Level Below Age Level (RET)	43.1%	56.1%
Received AFDC/TANF at Registration (RET)	27.5%	17.1%
Unemployment Rate In Q2 and Q3 After Exit (RET)	4.6%	7.2%

The large number of homeless adults served in 1997-98 stemmed from co-enrollment of a HUD homeless program as hard-to-serve adults in the King County WDC. Elimination of the hard-to-serve populations from WIA performance measures changes these demographics considerably. While this change affected youth programs too, youth populations did not become easier to serve in the same way.

A second demographic change, affecting both adults and youth, stemmed from implementation of WorkFirst, the state's welfare to work program. Since implementation of WorkFirst, we have experienced an approximately 50 percent decline in the percent of public assistance recipients in WIA Title I adult and youth programs as compared to participation under JTPA in 1997-98. WorkFirst was implemented in August 1997 in Washington State. The decline in public assistance recipients has negatively affected our ability to achieve strong earnings gains since gains are easier to achieve when providing training to individuals with no prior earnings. Data in the table shows that average pre-program earnings increased substantially between 1997-98 and PY 01. WorkFirst implementation, combined with economic changes and the elimination of the hard-to-serve population from performance measures combined to make earnings gains substantially more difficult than had been assumed when targets were set.

A third set of demographic changes are associated with the design of WIA youth programs. Youth populations (both older and younger) are more likely to have educations that are below age level under WIA than was the case under JTPA. Younger youth under the age of 16 at registration were almost three times more common under WIA than under JTPA. We believe that these demographic changes, which could not be anticipated in 2000, are related to WIA program design.

Dislocated Worker demographics also changed, in large part due to the economic changes described earlier and the types of workers being dislocated:

Demographic Changes Between JTPA 1997-98 and WIA PY 01 for Dislocated Worker Populations

Dislocated Worker Demographics (From Population Shown)	1997-98	PY 01
FiftyPlus at Registration (EE)	19.2%	21.6%
Disabled (EE)	6.3%	5.6%
Displaced Homemaker (EE)	0.7%	0.8%
Limited English (EE)	2.1%	4.7%
Dropout (EE)	6.1%	7.8%
UI Exhaustee (EE)	7.2%	8.2%
Some College/No BA (Gain)	28.9%	32.7%
Attained BA or greater (Gain)	17.0%	12.5%
Displaced from Manufacturing (Gain)	17.0%	46.1%
Unemployment Rate Q0_1 Compared to Prior Year (EE)	0.82	1.23
Hourly Wage Rate at Dislocation (EE)	\$13.31	\$14.60
Unemployment Rate In Q2 and Q3 After Exit (RET)	4.7%	7.0%
Average Pre-Program Earnings (Gain)	\$12,850	\$13,601

Dislocated workers in PY 01 were slightly older, and came from somewhat better paying jobs than under JTPA in 1997-98. The proportion of dislocated workers last employed in manufacturing increased substantially between those two periods. Educational attainment of dislocated workers dropped somewhat, and the percent with limited English doubled. As with adults and youth, the higher the pre-program earnings of dislocated workers, the more difficult the task of replacing those earnings through training and other services.

Assumptions Regarding Credential Rates

Washington State generated baseline figures from employment and credential rates by adapting the assumptions supplied by the Department of Labor to Washington state performance information. The employment and credential rates that we actually measured were 22 percent for adults, 17 percent for dislocated workers, and 17 percent for older youth. We proposed baselines of 69 percent, 70 percent, and 52 percent respectively based on the assumptions built into performance negotiations. These were that 80 percent of those who were trained and entered employment were likely to obtain a credential (for adults and dislocated workers) and that 70 percent of older youth who entered employment would obtain a credential. Had we applied these percentages to the number of trainees (or participants in the case of older youth) who entered employment in Washington, our baselines would have been 62 percent, 63 percent and 52 percent. The Department of Labor proposed baselines would have been lower still, at 60 percent, 60 percent and 50 percent respectively. We based our targets on the actual percent of the appropriate population that entered employment in the quarter after employment and went on to complete their training (thus presumably generating a credential).

Examination of actual results for the first year of WIA (PY00) suggests that our assumptions about the percent of those entering employment who would obtain a credential were not correct. Examination of better data, from PY 00, suggests that our baselines were incorrectly measured. We propose that Washington's revised employment and credential targets be based on the performance measured in PY00, with adjustments for demographic and economic changes between 1997-98 and PY01 which make employment and credential rates harder or easier to achieve, as appropriate.

II. Impacts of Economic and Demographic Changes on WIA Performance Measures

We are required to document economic and demographic changes and then to measure the impact of these changes on WIA performance. Washington State has done this by estimating regression models for the WIA performance measures for Adults, Dislocated Workers, and Youth. These models were estimated using individual-level data on participants exiting WIA programs during the third quarter of 1997 through the third quarter of 2000.⁶

We used the estimated models to predict performance given the participant characteristics and economic factors observed for PY01. This was done by taking the demographic and economic conditions associated with PY01, plugging them into the regression models, and calculating the ways in which results would be different for PY01 based on economic and demographic changes

since PY01. Pre-program demographics are currently available for all exiters from PY01 (those who exit between October 2000 and September 2001). The unemployment variables included in the model have been collected through April 2002. The variables used in these models are described below. Model estimates, changes in independent variables since the baseline period, and the predicted levels of performance are presented in Section III.

Dependent Variables

The dependent variables in the regressions are the outcomes in the measures (e.g., entered employment, retention, earnings, earnings gain). Many of these variables are binary, taking only the values 0 and 1. For example, consider the following two dependent variables.

EnteredEmp = 1 if employed in 1st quarter after exit
= 0 if not

Retention = 1 if employed in 3rd quarter after exit [among those employed in first quarter]
= 0 otherwise

In these cases, logistic regression was used to estimate the models. Ordinary least squares regression was used to estimate the models for earnings and earnings gain.

When estimating these regressions, we restricted the analyses to those participants who were included in a given measure. For example, we restricted the entered employment regressions to those participants who were not employed at registration (as is done when estimating the federal measure).

Independent Variables

The independent variables include participant demographics and local economic characteristics. We restricted the analysis to only those variables for which we had consistent data across the three years. These variables vary somewhat across the three populations.

PARTICIPANT CHARACTERISTICS

Age Dummy Variables

Sixteen & under, Seventeen, etc. (for Youth)

Thirties, Forties, FiftyPlus (for Adults & Dislocated Workers)

Race/Ethnicity Dummy Variables

African American, Native American, Asian, Hispanic

Quarter of Exit Dummy Variables

[For example, Quarter_2 Exit = 1 if participant exited program during the second calendar quarter (April-June)]

Education at Registration Dummy Variables

Dropout (not completed high school), GED, High School Diploma (not including GED),
Some College (at least some postsecondary schooling), Bachelors degree (BA or greater)

Female = 1 if female
= 0 otherwise

Single parent = 1 if a single parent
= 0 otherwise

Cash Assistance = 1 if received AFDC/TANF, RCA, GA, or SSI at registration
= 0 otherwise

Food Stamps = 1 if received Food Stamps at registration
= 0 otherwise

Disabled = 1 if any disability reported
= 0 otherwise

Employment disability = 1 if have a disability that effects employment
= 0 if not

Veteran = 1 if Veteran
= 0 otherwise

Limited English = 1 if Limited English reported at registration
= 0 otherwise

Homeless = 1 if Homeless (Adults) or Runaway Youth (for Youth)
= 0 otherwise

UI Exhaustee = 1 if UI benefits exhausted at registration
= 0 otherwise

PreEmpQ = number of quarters employed during year before registration (or dislocation)

No Empl Prior Year = 1 if not employed during 4 quarters before registration (or dislocation)
= 0 otherwise

Preprogram earnings = sum of earnings in second and third before registration

No Earnings Prior = 1 if preprogram earnings are 0
= 0 otherwise

Displaced Homemaker = 1 if a displaced homemaker
= 0 otherwise

Wage at dislocation = hourly wage at dislocation

Manufacturing = 1 if worker dislocated from the manufacturing sector
= 0 otherwise

Offender = 1 if offender (collected for youth only)
= 0 otherwise

Ed below age = 1 if education below age level at registration
= 0 otherwise

LOCAL ECONOMIC CHARACTERISTICS

Trade Earnings (Q2-3) = average trade earnings in the county during (Q2-3 refers to the average for the second and third post-exit quarters)

Trade Earnings (Q3) = average trade earnings in the county during (Q3 refers to the third post-exit quarters)

Unempl Rate (Q2-3) = unemployment rate in the country (Q2-3 refers to the second and third post-exit quarters)

Unempl Rate (Q3) = unemployment rate in the country (Q3 refers to the third post-exit quarter)

Change in Unemp (Q0-1) = unemployment rate in the country relative to what the rate was one year earlier (Q0-1 refers to average for the quarter of exit and the 1st post-exit quarter)

Percent in Agr (Q2-3) = average percent employed in agriculture in the county (Q2-3 refers to the average for the second and third post-exit quarters)

Note that we also investigated other variables that are not listed above. For example, other local economic variables investigated included employment share variables (Agriculture, Mining, Manufacturing), growth in trade earnings, and medical benefit caseload rates (as a poverty proxy). We also attempted using other industry of dislocation variables.

The estimated models are summarized in the next section. The base year in these tables refers to 1997 Q3 to 1998 Q2. The report year is 1999 Q4 to 2000 Q3 (or Q2 for some measures). A negative coefficient implies the variable has a negative impact on the measure, and a positive coefficient implies a positive impact.

III. Proposed Revisions of Negotiated Levels of Performance for PY01

Proposed revisions to negotiated levels of performance were generated by comparing results for the baseline year (based on the regression model, demographics, and economic conditions during the baseline year) with projected results for PY01 (exits from 2000Q4 through 2001Q3) based on the demographics for PY01 exiters and our best projections of economic conditions faced by those exiters. Two changes were needed to accomplish this.

The regression models that include unemployment rates are based on county-level unemployment data. Such data were not available after Q4 2001. County unemployment rates for Q1 and Q2 of 2002 were not available at the time our projections were prepared. However, statewide unemployment rates were available through April 2002. We have measured the average statewide unemployment rates for the periods affecting 1997-98 and PY 01 and included these in the projections. We used April's 7.0 percent unemployment rate to stand in for Q2 2002. May's unemployment rate, released today, is 6.9 percent. We do not expect much improvement in June, and believe that our assumptions are realistic.

The other economic data needed for the analysis were average trade earnings by county. These data were not available either. We used average trade earnings by county during Q2 and Q3 of 2001. The average annual wage grew very little in Washington State over the past year, by less than one percent. This, combined with the fact that the impact of changes in trade earnings is quite small, suggests that the use of data from 2001 does not cause any major problem. Use of county data was more important than use of up-to-date data on this measure. The trade earnings variable is the factor that controls for the fact that low-skill workers in urban areas like Seattle can earn more in entry level retail/trade occupations than similar workers in rural areas.

The attached packet contains a summary page and 13 pages containing individual models. The top to panels show the results of the model for 1997-98 and the results of the model for PY01. The bottom panel shows the impact of the changes in demographics or economic conditions resulting from each factor (in bold). Also shown are the values for the unemployment growth or unemployment rate variables for each exit quarter in the two cohorts. The averages for the cohorts are simply the weighted average of the economic variables for the four quarters, where the weights are the number of exiters in the quarters.

The following table summarizes the proposal:

Current and Proposed WIA I-B Targets for PY01 in Washington State

Federal Measures	PY 2001	Proposed	Rationale for Revision
	Targets	PY 2001	
Adult Measures			
Entered Employment	74%	73%	-1% Based on Unemployment Rate and Demographics
Retention	83%	83%	No Revision Proposed
Earnings Gain	\$4,503	\$3,440	-\$1,063 Based on Unemployment Rate and Demographics
Employment and Credential	70%	68%	-2% Based on Baseline Revision and Demographics
Proposed As Percent of Current		93%	

Dislocated Worker Measures			
Entered Employment	79%	76%	-3% Based on Unemployment Rate and Demographics
Retention	92%	91%	-1% Based on Unemployment Rate
Earnings Replacement	93%	86%	-7% Based on Unemployment Rate and Demographics
Employment and Credential	71%	69%	-2% Based on Unemployment Rate and Demographics
Proposed As Percent of Current		96%	

Current and Proposed WIA I-B Targets for PY01 in Washington State (Continued)

Federal Measures	Proposed		Rationale for Revision
	PY 2001 Targets	PY 2001 Targets	
Youth Measures			
OY Entered Employment	71%	70%	-1% Based on Demographic Changes
OY Retention	78%	74%	-4% Based on Unemployment Rate and Demographics
OY Earnings Gain	\$3,220	\$2,682	-\$532 based On Unemployment Rate and Demographics
OY Employment and Credential	53%	47%	-6% Based on Baseline Revision
YY Skills Gain	60%	60%	No Revision Proposed
YY Diploma or Equivalent	51%	51%	No Revision Proposed
YY Retention	64%	60%	-4% Based on Unemployment Rate and Demographics
Proposed As Percent of Current		94%	
Employer Satisfaction	63	63	No Revision Proposed
Participant Satisfaction	75	75	No Revision Proposed
Proposed As Percent of Current		100%	

The lines labeled "Proposed as a Percent of Current" show the impact of the proposed adjustments on the average level of targets for a population as a whole. For example, the proposed PY 2001 targets for youth measures are, on average, 94 percent of the original targets. Models describing the specific rational for adjustment to each measure are attached in the excel packet describing each model.

Revisions proposed for employment and credential rates merit special mention here. Baselines could not be measured for employment and credential rates. Instead, we proposed baselines using assumptions similar to those spelled out in Attachment B of TEGL 8-99. Our regression models could not be based on periods when credentials were not being measured. Instead, we produced regression models for the PY00 period. The models shown in the packet show projections of employment and credential rates in 1997-98 (based on the demographics during the 1997-98 period) and for PY01 (based on demographics for the PY01 period). We believe that the first measure is a more valid baseline figure than was available in 2000 and that comparison between the 1997-98 and the PY01 figures produced by the models are the proper basis for use in adjustments.

Analysis of the specific demographic and economic factors affecting each core indicator are supplied in the attached set of tables.

¹ Office of the Forecast Council, *Washington Economic and Revenue Forecast*, XXIV (4), November 2001.

² Office of the Forecast Council, *Washington Economic and Revenue Forecast*, XXIV (4), November 2001.

³ Washington State Employment Security Department, *2001 Washington State Labor Market and Economic Report*, 2001.

⁴ Office of the Forecast Council, *Washington Economic and Revenue Forecast*, XXIV (4), November 2001.

⁵ Washington State Employment Security Department, "2001 Washington State Labor Market and Economic Report," 2001.

⁶ The models for credential rates were estimated only with data for exits from the 4th quarter of 1999 onwards, since earlier data on credentials were problematic.

WASHINGTON STATE WIA I-B BASELINES, TARGETS, AND PROPOSED REVISIONS TO PY 01 TARGETS

Federal Measures	1997-98 Baseline	PY 2000 Target	PY 2001 Target	Proposed PY 2001 Targets	Rationale for Revision
Adult Entered Employment	74.0%	74.0%	74.0%	73.0%	-1% Based on Unemployment Rate and Demographics
Adult Employment Retention	82.0%	82.0%	83.0%	83.0%	No Revision Proposed
Adult Earnings Gain	\$4,121	\$4,371	\$4,503	\$3,440	-\$1,063 Based on Unemployment Rate and Demographics
Adult Employment and Credential	69.0%	69.0%	70.0%	68.0%	-2% Based on Baseline Revision and Demographics
Average Proposed Targets As Percent of Current PY 2001				93%	
Dislocated Worker Entered Employment	79.0%	79.0%	79.0%	76.0%	-3% Based on Unemployment Rate and Demographics
Dislocated Worker Employment Retention	92.0%	92.0%	92.0%	91.0%	-1% Based on Unemployment Rate
Dislocated Worker Earnings Replacement	93.0%	93.0%	93.0%	86.0%	-7% Based on Unemployment Rate and Demographics
Dislocated Worker Employment and Credential	70.0%	70.0%	71.0%	69.0%	-2% Based on Unemployment Rate and Demographics
Average Proposed Targets As Percent of Current PY 2001				96%	
Older Youth Entered Employment	71.0%	71.0%	71.0%	70.0%	-1% Based on Demographic Changes
Older Youth Employment Retention	77.0%	77.0%	78.0%	74.0%	-4% Based on Unemployment Rate and Demographics
Older Youth Earnings Gain	\$2,727	\$2,900	\$3,220	\$2,682	-\$532 based On Unemployment Rate and Demographics
Older Youth Employment and Credential	52.0%	52.0%	53.0%	47.0%	-6% Based on Baseline Revision
Younger Youth Skills Gain	42.0%	50.0%	60.0%	60.0%	No Revision Proposed
Younger Youth Diploma or Equivalent	59.0%	50.0%	51.0%	51.0%	No Revision Proposed
Younger Youth Retention	61.0%	61.0%	64.0%	60.0%	-4% Based on Unemployment Rate and Demographics
Average Proposed Targets As Percent of Current PY 2001				94%	
Employer Satisfaction	58.5	61.0	63.0	63.0	No Revision Proposed
Participant Satisfaction	74.7	75.0	75.0	75.0	No Revision Proposed
Average Proposed Targets As Percent of Current PY 2001				100%	

Adult Entered Employment Model

Logit Model		State	
Base Year 1997-98		Report Year PY01	
Variable	Coeff	Variable	Index
Intercept	2.0757	Intercept	2.0757
Thirties	-0.1305	Thirties	-0.1305
Forties	-0.2869	Forties	-0.2869
FiftyPlus	-0.4725	FiftyPlus	-0.4725
African American	-0.1991	African American	-0.1991
Disabled	-0.3136	Disabled	-0.3136
Homeless	-0.3339	Homeless	-0.3339
Dropout	-0.1953	Dropout	-0.1953
GED	-0.1604	GED	-0.1604
No Empl Prior Year	-0.5063	No Empl Prior Year	-0.5063
Quarter_4 Exit	-0.1788	Quarter_4 Exit	-0.1788
Change in Unemp (Q0-1)	-0.4119	Change in Unemp (Q0-1)	-0.4119
Sum(Index)	1.1321	Sum(Index)	1.0779
Predicted Measure	75.6	Predicted Measure	74.6

Estimated Impacts from Logit Model

Variable Means		Change in Unemp (Q0-1)	
Variable	Base 97-98	Exits	Change in Unemp (Q0-1)
Thirties	0.355	776	0.709
Forties	0.242	556	0.733
FiftyPlus	0.073	653	0.829
African American	0.147	921	0.947
Disabled	0.184	2,906	
Homeless	0.150		
Dropout	0.205		
GED	0.248		
No Empl Prior Year	0.410		
Quarter_4 Exit	0.185		
Change in Unemp (Q0-1)	0.816		
Total Adjustment			-1.01

Economic changes would reduce entered employment rate by 3.34%. Demographic changes, due to elimination of incentive-funded participants from the baseline calculations and WorkFirst, which removed many public assistance recipients from WIA funded services reduced this impact to a 1.01 percent reduction.

Current PY01 Target: 74% Proposed PY01 Target: 73%

Adult Employment Retention Target (No Change Proposed)

Adult Retention Model

Logit Model			
Base Year			
Variable	Coeff	Mean	Index
Intercept	2.1802	1.000	2.1802
Native American	-0.2332	0.042	-0.0097
Food Stamps	-0.1232	0.541	-0.0667
Homeless	-0.5939	0.124	-0.0735
Veteran	-0.3813	0.092	-0.0349
Dropout	-0.3989	0.198	-0.0788
GED	-0.2014	0.239	-0.0481
No Empl Prior Year	-0.2471	0.348	-0.0860
Quarter_2 Exit	-0.3523	0.371	-0.1305
Quarter_4 Exit	0.1904	0.181	0.0345
Unempl Rate (Q2-3)	-0.0368	4.689	-0.1726
Sum(Index)		1.5139	
Predicted Measure		82.0	

Report Year PY01			
Variable	Coeff	Mean	Index
Intercept	2.1802	1.000	2.1802
Native American	-0.2332	0.058	-0.0136
Food Stamps	-0.1232	0.317	-0.0391
Homeless	-0.5939	0.039	-0.0229
Veteran	-0.3813	0.088	-0.0335
Dropout	-0.3989	0.167	-0.0666
GED	-0.2014	0.128	-0.0259
No Empl Prior Year	-0.2471	0.243	-0.0601
Quarter_2 Exit	-0.3523	0.365	-0.1285
Quarter_4 Exit	0.1904	0.107	0.0203
Unempl Rate (Q2-3)	-0.0368	7.139	-0.2627
Sum(Index)		1.5477	
Predicted Measure		82.5	

Economic changes would reduce the employment retention rate by 1.37%. Demographic changes, due to elimination of incentive-funded participants from the baseline calculations and WorkFirst, which removed many public assistance recipients from WIA funded services changed this impact to a 0.49% percent increase.

No Change in Targets is Proposed. Current PY01 Target: 83%

Proposed Revision to Adult Earnings Gain

Adult Earnings Gain Model

Base Year 1987-88

Variable	Coef	Base Mean	Index	Report Year PY01 Variable	Coef	Report Mean	Index
Intercept	5875.18	1,000	5875.18	Intercept	5875.18	1,000	5875.18
Preprogram Earnings	-0.72	2144.320	-1544.66	Preprogram Earnings	-0.72	3778.933	-2722.15
Thirties	370.01	0.362	133.94	Thirties	370.01	0.308	114.08
Female	-958.78	0.626	-599.85	Female	-958.78	0.608	-582.66
African American	-1011.55	0.134	-135.43	African American	-1011.55	0.059	-59.97
Native American	-752.49	0.042	-31.38	Native American	-752.49	0.056	-43.87
Food Stamps	-337.99	0.543	-183.43	Food Stamps	-337.99	0.317	-107.21
Homeless	-2561.48	0.126	-321.72	Homeless	-2561.48	0.039	-98.71
Employment Disability	-465.55	0.126	-58.47	Employment Disability	-465.55	0.113	-52.44
Dropout	-1516.09	0.198	-300.18	Dropout	-1516.09	0.167	-253.18
GED	-723.42	0.240	-173.62	GED	-723.42	0.128	-92.93
No Earnings Prior	1004.52	0.453	455.05	No Earnings Prior	1004.52	0.328	329.55
Quarter_1 Exit	393.97	0.284	104.01	Quarter_1 Exit	393.97	0.184	72.41
Quarter_2 Exit	-272.31	0.371	-100.95	Quarter_2 Exit	-272.31	0.365	-96.29
Quarter_4 Exit	432.96	0.178	71.07	Quarter_4 Exit	432.96	0.107	46.21
Unempl Rate (Q2-3)	-82.77	4.699	-388.92	Unempl Rate (Q2-3)	-82.77	7.139	-590.86
Trade Earnings (Q2-3)	0.85	1744.730	1477.79	Trade Earnings (Q2-3)	0.85	1756.268	1487.56
Estimated Gain			\$ 4,284	Estimated Gain			\$ 3,222

Estimated Impacts from Model

Variable	Base 97-98	PY01	Coef	Impact	Exits	Unempl Rate (Q2-3)
Preprogram Earnings	2144.320	3778.933	-0.72	(1,177.49)	1987-98	4.833
Thirties	0.362	0.308	370.01	(19.87)	1987 Q3	651
Female	0.626	0.608	-958.78	17.20	1987 Q4	450
African American	0.134	0.059	-1011.55	75.45	1998 Q1	4.533
Native American	0.042	0.056	-752.49	(12.49)	1998 Q2	4.567
Food Stamps	0.543	0.317	-337.99	76.22	Total	
Homeless	0.126	0.039	-2561.48	223.01		
Employment Disability	0.126	0.113	-465.55	6.03		
Dropout	0.198	0.167	-1516.09	47.00		
GED	0.240	0.128	-723.42	80.69		
No Earnings Prior	0.453	0.328	1004.52	(125.50)		
Quarter_1 Exit	0.284	0.184	393.97	(31.60)		
Quarter_2 Exit	0.371	0.365	-272.31	1.65		
Quarter_4 Exit	0.178	0.107	432.96	(30.86)		
Unempl Rate (Q2-3)	4.699	7.139	-82.77	(201.94)		
Trade Earnings (Q2-3)	1744.730	1756.268	0.85	9.77		
Total Impact				(1,063)		

Economic changes would reduce earnings gains by \$202. Demographic changes due to removing incentive-funded adults from the baseline calculations and Work First, which removed many public assistance recipients from WIA funded services increased this amount to \$1,063. This occurs mainly because of the much higher pre-program earnings for this group. Most of this change will be seen in the future, as earnings gains have not yet been measured for exits in Q2 and Q3 of 2001

Current PY01 Target: \$ 4,503 Proposed PY 01 Target: \$ 3,440

Proposed Revision to Adult Employment

Adult Credential Model

Note: This model was estimated using only PY00 (19994-20003) data. The base year Mean shows demographics for 1997-98

Logit Model			
Base Year Demographics 1997-98			
Variable	Coeff	Mean	Index
Intercept	1.1058	1.000	1.1058
FiftyPlus	-0.3422	0.059	-0.0201
Food Stamps	-0.1936	0.557	-0.1079
Disabled	-0.3548	0.189	-0.0669
Dropout	-0.2840	0.176	-0.0499
GED	-0.3475	0.250	-0.0869
No Empl Prior Year	-0.3767	0.365	-0.1374
Sum(Index)			0.6367
Predicted Measure			65.4

Report Year PY01			
Variable	Coeff	Mean	Index
Intercept	1.1058	1.000	1.1058
FiftyPlus	-0.3422	0.123	-0.0422
Food Stamps	-0.1936	0.317	-0.0613
Disabled	-0.3548	0.170	-0.0603
Dropout	-0.2840	0.137	-0.0390
GED	-0.3475	0.141	-0.0489
No Empl Prior Year	-0.3767	0.311	-0.1171
Sum(Index)			0.7369
Predicted Measure			67.6

Estimated Impacts from Logit Model

Variable Means			
Variable	Base 97-98	PY01	Impact
FiftyPlus	0.059	0.123	-0.50
Food Stamps	0.557	0.317	1.05
Disabled	0.189	0.170	0.15
Dropout	0.176	0.137	0.25
GED	0.250	0.141	0.85
No Empl Prior Year	0.365	0.311	0.46
Total Adjustment			2.23

Economic factors do not have a statistically significant impact on the Adult Employment and Credential Rate. This model was estimated using the PY00 program year (Exits from October 1999-September 2000). Demographics from 1997-98 and PY01 are shown in this simulation to show the expected impact of demographic changes between the periods. Demographic changes, due to the elimination of incentive funded participants from the baseline period, and Workfirst, which removed many public assistance recipients, increased the expected employment and credential rate by 2.23 percent.

Washington bases its request for revised targets on the unexpected difference between the JTPA baseline figures that we used to estimate a baseline and actual WIA performance. Based on 1997-98 JTPA figures, we estimated that credentials would be obtained by 89% of trainees who entered employment. DOL assumed that only 80% of trainees employed in the quarter after exit will obtain a credential. Had we accepted this assumption, our baseline would have been 62% instead of 69%.

We propose basing our PY 01 target on a revised baseline of 65%, instead of the 69% used in the original negotiations. In the 2000 negotiation, Washington agreed to a PY 01 target set at 1% above the 1997-98 baseline. Demographic changes since 1997-8 suggest that original baseline of 65% should now be set at 67%. The proposed PY 01 target is set at a level 1% above that revised baseline, or 68%.

Current PY01 Target: 70% Proposed PY01 Target: 68%

Proposed Revision to Dislocated Worker Litigation Summary

DW Entered Employment Model

Logit Model

Base Year 1997-98

Variable	Coeff	Mean	Index
Intercept	2.2246	1.000	2.2246
FiftyPlus	-0.3762	0.192	-0.0721
Disabled	-0.2666	0.063	-0.0168
Displaced homemaker	-0.4951	0.007	-0.0032
Veteran	-0.1615	0.202	-0.0326
Limited English	-0.3122	0.021	-0.0066
Dropout	-0.1564	0.061	-0.0096
Wage at dislocation	-0.0153	13.308	-0.2036
UI Exhaustee	-0.3400	0.072	-0.0244
Change in Unemp (Q0-1)	-0.4287	0.817	-0.3502

Sum(Index)

1.5055

Estimated Probability

81.8

Report Year PY01

Variable	Coeff	Mean	Index
Intercept	2.2246	1.000	2.2246
FiftyPlus	-0.3762	0.216	-0.0812
Disabled	-0.2666	0.056	-0.0149
Displaced homemaker	-0.4951	0.008	-0.0040
Veteran	-0.1615	0.197	-0.0318
Limited English	-0.3122	0.047	-0.0147
Dropout	-0.1564	0.078	-0.0122
Wage at dislocation	-0.0153	14.599	-0.2234
UI Exhaustee	-0.3400	0.082	-0.0278
Change in Unemp (Q0-1)	-0.4287	1.233	-0.5284

Sum(Index)

1.2862

Estimated Probability

78.4

Estimated Impacts from Logit Model

Variable Means

Variable	Base	Report	Coeff	Impact
FiftyPlus	0.192	0.216	-0.3762	-0.14
Disabled	0.063	0.056	-0.2666	0.03
Displaced homemaker	0.007	0.008	-0.4951	-0.01
Veteran	0.202	0.197	-0.1615	0.01
Limited English	0.021	0.047	-0.3122	-0.12
Dropout	0.061	0.078	-0.1564	-0.04
Wage at dislocation	13.308	14.599	-0.0153	-0.30
UI Exhaustee	0.072	0.082	-0.3400	-0.05
Change in Unemp (Q0-1)	0.817	1.233	-0.4287	-2.80

Total Adjustment

-3.49

Change in Unemp (Q0-1)

1997-98	Exits
1997 Q3	626
1997 Q4	580
1998 Q1	628
1998 Q2	837
Total	2,671

Change in Unemp (Q0-1)

PY 01	Exits
2000 Q4	431
2001 Q1	469
2001 Q2	719
2001 Q3	990
Total	2,609

Unemployment rate changes reduce the entered employment rate by 2.8%. Addition of demographic variables changes this result to a 3.49% reduction.

Current PY01 Target:

79%

Proposed PY01 Target:

76%

Proposed Revision to Dislocated Worker Employment

Dislocated Worker Retention Model

Logit Model

Base Year				
Variable	Coeff	Mean	Index	
Intercept	2.8770	1.000	2.8770	
Forties	-0.1909	0.336	-0.0641	
FiftyPlus	-0.2333	0.181	-0.0423	
Native American	-0.4502	0.024	-0.0108	
Disabled	-0.2098	0.059	-0.0123	
UI Exhaustee	-0.4160	0.073	-0.0304	
Quarter_2 Exit	-0.0139	0.334	-0.0046	
Unempl rate (Q2-3)	-0.0738	4.704	-0.3471	

Sum(Index) 2.3654
Estimated Probability 91.4

Report Year PY 01

Variable	Coeff	Mean	Index
Intercept	2.8770	1.000	2.8770
Forties	-0.1909	0.316	-0.0603
FiftyPlus	-0.2333	0.199	-0.0465
Native American	-0.4502	0.019	-0.0084
Disabled	-0.2098	0.057	-0.0119
UI Exhaustee	-0.4160	0.077	-0.0322
Quarter_2 Exit	-0.0139	0.272	-0.0038
Unempl rate (Q2-3)	-0.0738	7.045	-0.5199

Sum(Index) 2.1940
Estimated Probability 90.0

Estimated Impacts from Logit Model

Variable	Base	Report	Coeff	Impact
Forties	0.336	0.316	-0.1909	0.03
FiftyPlus	0.181	0.199	-0.2333	-0.03
Native American	0.024	0.019	-0.4502	0.02
Disabled	0.059	0.057	-0.2098	0.00
UI Exhaustee	0.073	0.077	-0.4160	-0.01
Quarter_2 Exit	0.334	0.272	-0.0139	0.007
Unempl rate (Q2-3)	4.704	7.045	-0.0738	-1.46

Total Adjustment -1.44

Unempl rate (Q2-3)

Exits	Unempl rate (Q2-3)
1997-98	
1997 Q3	556
1997 Q4	522
1998 Q1	579
1998 Q2	747
Total	2,404

Unempl rate (Q2-3)

Exits	Unempl rate (Q2-3)
PY 01	
2000 Q4	344
2001 Q1	362
2001 Q2	541
2001 Q3	741
Total	1,988

Unemployment rate changes reduce the employment retention rate by 1.46%. Addition of demographic variables changes this result only slightly, to -1.44%.

Current PY01 Target:

92%

Proposed PY01 Target

91%

Dislocated Worker PostEarnings Model

DW PostEarnings Model
Base Year 1997-98

Variable	Base Coef	Base Mean	Index	Report Year PY 01 Variable	Coef	Report Mean	Index
Intercept	8626.44	1,000	8626.44	Intercept	8626.44	1,000	8626.44
Preprogram earnings	0.38	12850.400	4944.83	Preprogram earnings	0.38	13600.986	5233.66
Forties	-469.40	0.337	-158.19	Forties	-469.40	0.315	-147.70
FiftyPlus	-1421.30	0.181	-256.97	FiftyPlus	-1421.30	0.203	-287.96
Female	-2094.06	0.474	-991.96	Female	-2094.06	0.405	-848.53
Native American	-866.00	0.024	-20.78	Native American	-866.00	0.018	-15.19
Disabled	-630.73	0.052	-32.80	Disabled	-630.73	0.055	-34.62
Limited English	-809.11	0.021	-17.23	Limited English	-809.11	0.049	-39.84
Some College	861.52	0.289	248.72	Some College	861.52	0.327	281.81
Bachelors degree	2749.76	0.170	466.58	Bachelors degree	2749.76	0.125	342.36
Manufacturing	-494.69	0.170	-83.94	Manufacturing	-494.69	0.461	-228.17
UI Exhaustee	-635.57	0.057	-36.29	UI Exhaustee	-635.57	0.075	-47.84
Unempl rate (Q2-3)	-208.20	4.705	-979.48	Unempl rate (Q2-3)	-208.20	7.038	-1465.30
Trade earnings (Q2-3)	0.34	1685.930	577.09	Trade earnings (Q2-3)	0.34	1865.883	638.62
Estimated PostEam			12286	Estimated PostEam			12008
Mean PreEam			12850	Mean PreEam			13601
Simulated Replacement			95.61	Simulated Replacement			88.29

Variable	Base 97-98	PY 01	Earnings Impact	1997-98	Exits	Unempl rate (Q2-3)
Preprogram earnings	12850	13601	0.38	1997 Q3	626	4.833
Forties	0.337	0.315	-469.40	1997 Q4	580	4.950
FiftyPlus	0.181	0.203	-1421.30	1998 Q1	628	4.533
Female	0.474	0.405	-2094.06	1998 Q2	837	4.567
Native American	0.024	0.018	-866.00	Total	2,671	
Disabled	0.052	0.055	-630.73			
Limited English	0.021	0.049	-809.11	PY 01		
Some College	0.289	0.327	861.52	2000 Q4	321	6.050
Bachelors degree	0.170	0.125	2749.76	2001 Q1	312	6.567
Manufacturing	0.170	0.461	-494.69	2001 Q2	477	7.467
UI Exhaustee	0.057	0.075	-635.57	2001 Q3	657	7.433
Unempl rate (Q2-3)	4.705	7.038	-979.48	Total	1,767	
Trade earnings (Q2-3)	1686	1866	0.34			
Total Impact on Post-Program Earnings			-278			
Observed Change in Pre-Program Earnings			751			
Replacement Rate Adjustment (%)			-7.32			

Unemployment rate changes reduce post-program earnings by \$486. Other demographic changes associated with an improved economy in the pre-program period reduce the total impact on post-program earnings to a \$278 reduction. Chief among these changes is an increase in pre-program earnings by \$761 between periods. Higher pre-program earnings tend to produce higher post-program earnings. However, they also make have an impact on replacement rates by increasing the amount of earnings to be replaced. The net impact of economic and demographic factors is to reduce the replacement rate by 7.32 percentage points.

Current PY01 Target: 93% Proposed PY01 Target: 86%

Proposed Revision to Dislocated Worker Employment and Credentialing

DW Credential Model

Note: This model was estimated using only PY00 (19994-20003) data. The base year Mean shows demographics for 1997-98

Logistic Model

Base Year Demographics 1997-98			
Variable	Coeff	Mean	Index
Intercept	1.4190	1.000	1.4190
Thirties	0.2373	0.328	0.0778
FiftyPlus	-0.2464	0.170	-0.0418
Single Parent	-0.4499	0.111	-0.0499
Hispanic	-0.5025	0.032	-0.0160
Displaced Homemaker	-1.2179	0.006	-0.0079
Veteran	-0.4484	0.203	-0.0912
Limited English	-0.5212	0.009	-0.0045
Dropout	-0.3660	0.043	-0.0157
Unempl rate (Q0-1)	-0.0467	4.666	-0.2179
Sum(Index)			1.0518
Estimated Probability			0.741

Report Year PY 01			
Variable	Coeff	Mean	Index
Intercept	1.4190	1.000	1.4190
Thirties	0.2373	0.289	0.0686
FiftyPlus	-0.2464	0.193	-0.0477
Single Parent	-0.4499	0.089	-0.0400
Hispanic	-0.5025	0.066	-0.0329
Displaced Homemaker	-1.2179	0.010	-0.0120
Veteran	-0.4484	0.197	-0.0884
Limited English	-0.5212	0.045	-0.0233
Dropout	-0.3660	0.066	-0.0240
Unempl rate (Q0-1)	-0.0467	6.240	-0.2914
Sum(Index)			0.9279
Estimated Probability			0.717

Estimated Impacts from Logit Model

Variable Means			
Variable	Base	Report	Impact
Thirties	0.328	0.289	-0.18
FiftyPlus	0.170	0.193	-0.11
Single Parent	0.111	0.089	0.19
Hispanic	0.032	0.066	-0.33
Displaced Homemaker	0.006	0.010	-0.08
Veteran	0.203	0.197	0.05
Limited English	0.009	0.045	-0.36
Dropout	0.043	0.066	-0.16
Unempl rate (Q0-1)	4.666	6.240	-1.44
Total Adjustment			-2.45

1997-98		Unempl rate (Q0-1)	
1997 Q3	417	4.45	
1997 Q4	339	4.30	
1998 Q1	383	4.83	
1998 Q2	530	4.95	
Total	1,669		
PY 01		Unempl rate (Q0-1)	
2000 Q4	354	5.88	
2001 Q1	368	6.23	
2001 Q2	509	6.05	
2001 Q3	692	6.57	
Total	1,923		

Unemployment rates reduce the dislocated worker employment and credential rate by 1.44%. Addition of demographic factors leads to further reduction in the employment and credential rate, which amounts to 2.45% when economic and demographic factors are combined.

Based on 1997-98 JTPA figures, we estimated that credentials would be obtained by 85% of trainees who entered employment. DOL assumed that only 80% of trainees employed in the quarter after exit would obtain a credential. Had we accepted this assumption, our baseline would have been 63% instead of 70%. We propose basing our PY01 target on the targets negotiated in May 2000, reduced by 2% to account for economic and demographic factors.

Current PY01 Target: 71% Proposed PY01 Target: 69%

Proposed Revision to Older Youth Entered Employment Rate

Older Youth Entered Employment Model

Logit Model

Base Year 1997-98

Variable	Coeff	Mean	Index	Variable	Coeff	Mean	Index
Intercept	0.9064	1.000	0.9064	Intercept	0.9064	1.000	0.9064
Native American	-0.5356	0.073	-0.0392	Native American	-0.5356	0.094	-0.0501
Offender	-0.2923	0.289	-0.0844	Offender	-0.2923	0.315	-0.0920
Homeless	-0.5018	0.059	-0.0294	Homeless	-0.5018	0.034	-0.0171
Empl Disability	-0.3377	0.122	-0.0412	Empl Disability	-0.3377	0.115	-0.0388
Ed below age	-0.2067	0.336	-0.0695	Ed below age	-0.2067	0.477	-0.0985
High school diploma	0.5054	0.234	0.1183	High school diploma	0.5054	0.243	0.1226
Sum(Index)			0.7611	Sum(Index)			0.7324
Estimated Probability			68.2	Estimated Probability			67.5

Estimated Impacts from Logit Model

Variable	Variable Means			Impact
	Base 97-98	PY 01	Coeff	
Native American	0.073	0.094	-0.5356	-0.24
Offender	0.289	0.315	-0.2923	-0.17
Homeless	0.059	0.034	-0.5018	0.27
Empl Disability	0.122	0.115	-0.3377	0.05
Ed below age	0.336	0.477	-0.2067	-0.63
High school diploma	0.234	0.243	0.5054	0.09
Total Adjustment				-0.63

Economic changes do not affect the Older Youth Entered Employment Rate in this model. However, unanticipated increases in the percentage of older youth with educational level below age level associated with WIA implementation reduced the entered employment rate by 0.63%.

Current PY 01 Target:

71%

Proposed PY01 Target:

70%

Older Youth Retention Model

Logit Model			
Base Year 1997-98		State	
Variable	Coeff	Mean	Index
Intercept	2.0765	1.000	2.0765
Native American	-0.7122	0.046	-0.0324
Disabled	-0.5896	0.129	-0.0761
Dropout	-0.5549	0.424	-0.2355
Unempl rate (Q2-3)	-0.0643	4.647	-0.2988
Sum(Index)		1.4337	
Estimated Measure		80.7	

Report Year PY 01			
Variable	Coeff	Mean	Index
Intercept	2.0765	1.000	2.0765
Native American	-0.7122	0.080	-0.0568
Disabled	-0.5896	0.165	-0.0972
Dropout	-0.5549	0.463	-0.2568
Unempl rate (Q2-3)	-0.0643	7.036	-0.4524
Sum(Index)		1.2133	
Estimated Measure		77.1	

Estimated Impacts from Logit Model

Variable Means			
Variable	Base 97-98	PY 01	Impact
Native American	0.046	0.080	-0.38
Disabled	0.129	0.165	-0.33
Dropout	0.424	0.463	-0.33
Unempl rate (Q2-3)	4.647	7.036	-2.50
Total Adjustment			-3.66

1997-98		Unempl rate (Q2-3)	
Exits			
1997 Q3	30	4.833	
1997 Q4	54	4.950	
1998 Q1	74	4.533	
1998 Q2	169	4.567	
Total	327		

PY 01		Unempl rate (Q2-3)	
Exits			
2000 Q4	30	6.050	
2001 Q1	41	6.567	
2001 Q2	68	7.467	
2001 Q3	49	7.433	
Total	188		

Changes in the Unemployment Rate reduce the Older Youth Retention Rate by 2.50%. Demographic changes increase this impact to a total of -3.66%.

Current PY01 Target: 78% Proposed PY01 Target: 74%

Proposed Revision to Older Youth Earnings Gain Model

Older Youth Earnings Gain Model

Base Year 1997-98

Variable	Coef	Base Mean	Index
Intercept	4167.74	1.000	4167.74
Preprogram earnings	-0.67	1381	-923.71
Nineteen	-690.16	0.410	-282.76
African American	-785.76	0.092	-72.05
Native American	-880.78	0.049	-43.07
Offender	-489.15	0.257	-125.65
Disabled	-966.41	0.131	-127.07
Dropout	-1024.86	0.428	-438.64
Unempl rate (Q2-3)	-111.75	4.647	-519.29
Trade earnings (Q2-3)	1.07	1609	1723.46

Estimated Gain

\$ 3,359

Report Year PY 01

Variable	Coef	Report Mean	Index
Intercept	4167.74	1.000	4167.74
Preprogram earnings	-0.67	1829	-1223.47
Nineteen	-690.16	0.431	-297.36
African American	-785.76	0.090	-71.05
Native American	-880.78	0.080	-70.28
Offender	-489.15	0.267	-130.79
Disabled	-966.41	0.165	-159.35
Dropout	-1024.86	0.463	-474.27
Unempl rate (Q2-3)	-111.75	7.036	-786.23
Trade earnings (Q2-3)	1.07	1743	1866.47

Estimated Gain

\$ 2,821

Estimated Impacts from Model

Variable Means			
Variable	Base 97-98	PY 01	Impact
Preprogram earnings	1381	1829	(\$300)
Nineteen	0.410	0.431	(\$15)
African American	0.092	0.090	\$1
Native American	0.049	0.080	(\$27)
Offender	0.257	0.267	(\$5)
Disabled	0.131	0.165	(\$32)
Dropout	0.428	0.463	(\$36)
Unempl rate (Q2-3)	4.647	7.036	(\$267)
Trade earnings (Q2-3)	1609	1743	\$143
Total Impact			(\$538)

1997-98

Exits	Unempl rate (Q2-3)
30	4.833
54	4.950
74	4.533
169	4.567
327	

PY 01

Exits	Unempl rate (Q2-3)
30	6.050
41	6.567
68	7.467
49	7.433
188	

Economic changes would reduce earnings gains by \$267. Higher pre-program earnings for older youth in PY 01 combined with other demographic changes, increase this amount to a total of \$538.

Current PY01 Target:

\$ 3,220

Proposed PY01 Target: \$

2,682

Proposed Revision to Older Youth Employment Model

Older Youth Credential and Employment Model

Note: This model was estimated using only PY00 (19994-20003) data. The base year Mean shows demographics for 1997-98.

Logit Model				Report Year PY 01			
Base Year 1997-98							
Variable	Coeff	Mean	Index	Variable	Coeff	Mean	Index
Intercept	-0.1440	1.000	-0.1440	Intercept	-0.1440	1.000	-0.1440
Twentyone	0.4211	0.217	0.0914	Twentyone	0.4211	0.227	0.0958
African American	-0.4473	0.123	-0.0548	African American	-0.4473	0.108	-0.0484
Native American	-0.6812	0.064	-0.0439	Native American	-0.6812	0.090	-0.0615
Sum(Index)			-0.1514	Sum(Index)			-0.1582
Estimated Probability			46.22	Estimated Probability			46.05

Estimated Impacts from Logit Model				
Variable Means				
Variable	Base 97-98	PY 01	Coeff	Impact
Twentyone	0.217	0.227	0.4211	0.11
African American	0.123	0.108	-0.4473	0.16
Native American	0.064	0.090	-0.6812	-0.44
Total Adjustment				-0.17

Economic factors do not have a statistically significant impact on the Older Youth Employment and Credential Rate. This model was estimated using the PY00 program year (Exits from October 1999-September 2000). Demographics from 1997-98 and PY01 are shown in this simulation to show the expected impact of demographic changes between the periods. Demographic changes would have left the employment and credential rate essentially unchanged from the 1997-98 period.

Washington bases its request for revised targets on the unexpected difference between the JTPA baseline figures that we used to estimate a baseline and actual WIA performance. Based on 1997-98 JTPA figures, we estimated that credentials would be obtained by 68% of those enrolled and employed. DOL assumed that 70% of trainees employed in the quarter after exit will obtain a credential. Under WIA, the proportion of older youth who received training dropped somewhat, producing an employment and credential rate of 46%. We believe that this reduction stems from WorkFirst implementation, which makes referral to WIA training unavailable to some older youth who would have received training in the past.

We propose basing our PY 01 target on a revised baseline of 46%, instead of the 52% used in the original negotiations. In the 2000 negotiation, Washington agreed to a PY 01 target set at 1% above the agreed baseline. With the proposed baseline of 46%, the proposed target is now 47%.

Current PY01 Target:	53%	Proposed PY01 Target	47%
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Younger Youth Retention Model

Logit Model			
Base Year 1997-98			
Variable	Coeff	State Mean	Index
Intercept	1.1421	1.000	1.1421
Under_Sixteen	-0.7749	0.038	-0.0291
Sixteen	-0.2441	0.252	-0.0615
Native American	-0.2480	0.073	-0.0181
Offender	-0.3350	0.295	-0.0988
Disabled	-0.2405	0.119	-0.0286
Homeless	-0.4705	0.021	-0.0099
Ed below age	-0.1972	0.431	-0.0850
Quarter_2 Exit	-0.2065	0.498	-0.1028
Unempl rate (Q2-3)	-0.0344	4.640	-0.1596
Sum(Index)			0.5487
Estimated Measure			63.4

Report Year PY 01			
Variable	Coeff	Mean	Index
Intercept	1.1421	1.000	1.1421
Under_Sixteen	-0.7749	0.110	-0.0849
Sixteen	-0.2441	0.239	-0.0584
Native American	-0.2480	0.078	-0.0192
Offender	-0.3350	0.253	-0.0846
Disabled	-0.2405	0.172	-0.0415
Homeless	-0.4705	0.043	-0.0201
Ed below age	-0.1972	0.561	-0.1107
Quarter_2 Exit	-0.2065	0.437	-0.0903
Unempl rate (Q2-3)	-0.0344	7.190	-0.2473
Sum(Index)			0.3849
Estimated Measure			59.5

Estimated Impacts from Logit Model				
Variable Means				
Variable	Base 97-98	PY 01	Coeff	Impact
Under_Sixteen	0.038	0.110	-0.7749	-1.31
Sixteen	0.252	0.239	-0.2441	0.07
Native American	0.073	0.078	-0.2480	-0.03
Offender	0.295	0.253	-0.3350	0.33
Disabled	0.119	0.172	-0.2405	-0.30
Homeless	0.021	0.043	-0.4705	-0.24
Ed below age	0.431	0.561	-0.1972	-0.60
Quarter_2 Exit	0.498	0.437	-0.2065	0.29
Unempl rate (Q2-3)	4.640	7.190	-0.0344	-2.06
Total Adjustment				-3.88

1997-98		
Exits	Unempl rate (Q2-3)	
1997 Q3	110	4.833
1997 Q4	115	4.950
1998 Q1	203	4.533
1998 Q2	479	4.567
Total	907	

PY 01		
Exits	Unempl rate (Q2-3)	
2000 Q4	57	6.050
2001 Q1	132	6.567
2001 Q2	327	7.467
2001 Q3	232	7.433
Total	748	

An increase in the unemployment rate reduced the Younger Youth Retention Rate by 2.06%. Demographic changes associated with WIA implementation (an increase in the proportion of youth under 16 and youth with educational level below age level) bring the total reduction in Younger Youth Retention Rate to 3.88%.

Current PY01 Target: 64% Proposed PY01 Target: 60%

Interagency Committee
Notes from September 11, 2002

Attendees: Ross Wiggins, ESD; Brian Kanes, SBCTC; Paul Knox, CTED; Debbie Cook, DSB; Terry Redmon (via phone), DVR; Ellen O'Brien Saunders, Bryan Wilson, and Walt Wong, WTECB

Review of Draft October WTECB Meeting Agenda

Workforce Development and Economic Development—A Skills Panel report will be made, probably by the Eastern Washington Agriculture and Food Processing Partnership. It has been over a year since the board has heard from them. Deanna Heg and Bob Watrus will also be giving a report on the key clusters in Washington State report that the Northwest Policy Center has been contracted to work on. This report is due by September 30, 2002.

Workforce Training Results—Kevin Hollenbeck from Upjohn will be giving a report on the final net impact and cost benefit analysis.

Reviews of Agency Budget Requests—WTECB reviews the operating agencies (SBCTC, OSPI, and ESD) budget requests for consistency with High Skills, High Wages. SBCTC is the only operating agency with a supplemental budget request. WTECB also will review the HEC Board's request for additional funding for WAVE to bring the amount of scholarships in line with tuition increases.

Net Impact Findings

Bryan W. the draft paper on net impact estimates. Kevin Hollenbeck will have more information on the net impact at the October 3 board meeting. Brian K. asked if some of the numbers have changed since they were last presented in May. Bryan W. said that the numbers have changed.

National Governors' Association Academy Application

Ellen talked about the application. WTECB is in the beginning stages of what our application to National Governors' Association (NGA) will look like. NGA wants states who will deliver and that they can capitalize on for future papers. Washington is ahead of other states because we already do a lot of the items NGA is looking for. Deb Merle has asked WTECB to put the application together. WTECB will write up the initial application and send to the IC members for review.

She suggested the initial thinking for a theme: employer involvement, which would follow along with the Board's thinking at the retreat.

Health Care Personnel Shortages Task Force

Bryan W. gave a brief update on the work of the Task Force. Two meetings of the full task force have been held. The next meeting of the task force is September 30 and will be held in the Seattle area (place to be determined).

Ellen told the IC members that a report on how other states are doing was included in the materials given out at the September 4 meeting. If anyone is interested in receiving a copy of the report, contact WTECB and a copy will be sent to you.

**Interagency Committee
Notes from August 9, 2002**

Attendees: Randy Loomans, WSLC; Ross Wiggins, Cathy Dijulio, ESD; Debora Merle; Governor's Office; Brian Jeffries, OSPI; Rebecca Rhodes, SBCTC; Debbie Cook, DSB; Mike Kennedy, Pacific Mountain WDC; Paul Knox, CTED; Ellen O'Brien Saunders, Bryan Wilson, and Pam Lund, WTECB

Agency Strategic Plan for 03-05

- The Workforce Training and Education Coordinating Board (WTECB) convened a sub-committee to review the proposed budget submission and strategic plan for 03-05.
- Ross noted a typographical error on page 4 – this will be corrected.
- Brian J. noted that this is a daunting strategic plan. Why do we have the non-mandated items included with all the required work that we have to do? Bryan W. responded that each of the discretionary items has a unique reason for being included.
- Mike K. said that he is glad we have done this work and that it's helpful to the workforce development councils.
- There was a question on bullet 3 on the Mission – why is this just non-baccalaureate? This is what is in the agency's statute.
- If anyone has any other comments on the plan, they should send them to Ellen.
- This will be presented to the Board at the August 28 teleconference to adopt the budget submission. Ellen gave some background about the budget submittal process, which included the requirement to identify activities as High, Medium, and Low priority.

Update on Workforce Strategies 2002 Conference

- The Workforce Conference Steering Committee met on August 8th and had good ideas for the conference (scheduled for November 21-22, 2002, at the SeaTac Airport Hilton).
- Themes identified: (1) Advance the cluster strategy; (2) Advance goals identified in "High Skills, High Wages 2002" – nurture relationships; (3) Policy advocacy; and (4) Engage employers.
- A particular emphasis will be made on employer engagement – this comes out of the work at the Board Retreat and direction from Governor Locke.
- The Steering Committee proposed an opening plenary with "testimonials" by teams consisting of employers, employees, and "system" representatives. The Steering Committee was assigned the homework of identifying potential employers to use for this plenary.
- WorkSource Promotion – the Steering Committee built on the Board's idea at the Retreat of having an on-site WorkSource Center. Mike K. thinks this is a great idea and added that all the resources that can be found at a WorkSource Center be included (not just Employment Security programs).
- Business focused sessions will be planned for Day 1 to the extent feasible.
- One more plenary speaker still needs to be identified.
- Mike K. suggested that we have a networking session the night before the conference, or hold it the evening of Day 1. It was noted that the reception/dinner scheduled for Day 1 was targeted for this.

Review of System Assessment

- Mike K. expressed concern about the low percentage of response rate. He believes we deserve a better response rate and has some suggestions to share with Bryan later.
- Debbie M. noted that most respondents thought that everything was important. It was noted that we didn't ask respondents to prioritize. That may be added the next time we do this survey.
- A question was asked about people who are volunteers (on Workforce Development Councils) – should we expect them to know these things? How involved were they in these activities? How involved and knowledgeable should they be?
- Mike K. was interested in the characteristics of the respondents. The survey was confidential, so that information was not presented.
- Ross noted that the next time we do the survey, we may have more random responses. The sample size needs to be stabilized.
- Bryan W. noted that he was hoping to see some improvement, particularly with SKIES now being implemented. Mike K. expressed that SKIES has some problems, so that may reflect the lack of improvement (he was surprised the number wasn't lower this year).
- Ross noted a drop on #28. (Question: There are consistent performance indicators across workforce development programs).
- Mike K. mentioned Mike Brauser's (Dept. of Labor/Employment and Training Administration) presentation to the Washington Workforce Association yesterday and talked about a new list of core indicators that they may be looking at (the Celestial 8?).
- Mike K. asked about the bulleted items on the narrative and how the gap number was derived. Straight subtraction was used to determine the gap.
- It would be useful to know how the respondents would prioritize this list.

Preview of October 2, 2002, Board Meeting

- Agency Budget Requests – Ross asked if these would be action items (Yes).
- WorkSource Measures Work – Bryan W. said this was follow up from earlier work. This fall, we will be measuring outcomes and then present the results to the Board in the winter for them to set the core indicators. Then we will set targets to be negotiated with the locals close to the end of the fiscal year. The October 2, 2002, Board Meeting will be setting the stage for this work ahead. Ellen thinks this will help focus the discussion on this topic at the conference as well.
- Northwest Policy Center (NPC) Work – the NPC is doing additional work on key clusters in Washington State. They are getting more data on skill shortages. At the October meeting, there will be an update on the status of this work. Paul K. asked when the work is to be completed. Bryan said the research is scheduled to be done September 30. Mike K. asked who leads the regional meetings after the NPC work is done – answer is the Workforce Development Councils (WDCs) and community and technical colleges are working to co-host these efforts. Debora M. asked about the content of the study. She thought it was a look at regions, not a statewide look. But then she heard in a meeting that the NPC was doing some statewide analysis. Bryan W. said that (statewide analysis) wasn't part of what we were asking them to do and was not part of the proposal. Debora M. will communicate that this isn't what we are asking for in the research. Debora M.

wants to make sure that all these efforts are all coordinated with how the Governor is supporting workforce development efforts.

- Follow Up on Retreat – Ellen shared a paper on Employer Engagement Strategies that came from work at the Board Retreat.
 - Under Skill Standards: Ross asked to include the connection to WDC in this.
 - Under Utilization of WorkSource: Mike K. said it's a system that works with job seekers; he's not sure if its been designed to meet the needs of employers. Ellen asked Mike K. if he could share his thoughts with the WorkSource Operations Team. Mike K. talked about this being a measurement issue. There was discussion around the 7 percent utilization – need to communicate as to how this number relates to real targets (national number is 5 percent). Is this what we need to be getting out of the effort that is put into the system? Could the number be higher? If not, we need to communicate that the 7 percent number is a good number. What are the expectations we can deliver on across the state?
- Agenda item was added for October Board Meeting: Final Results of Net Impact, including cost benefit analysis.
- Mike K. said that Maria Cantwell was speaking at the Belfair WorkSource Center on August 15.
- Ellen shared the Interagency Committee meeting schedule for the remainder of the year: September 11, 1:30 to 3:00; October 9, 1:30 to 3:00; October 30, 1:30 to 3:00; December 3, 1:30 to 3:00.
- Paul K. reminded the IC of the Economic Development Conference, hosted by the Department of Community, Trade and Economic Development, will be held September 12-13, 2002, in Spokane.

2002 LOCAL AND STATE PARTNER ASSESSMENT OF SYSTEM BUILDING

Purpose

One of the seven goals of the Workforce Training and Education Coordinating Board (Workforce Board) is System Building: “We will achieve meaningful results by working with all partners to build an integrated and efficient workforce development system out of the many different programs.”

In order to measure the state’s progress in achieving the goal of System Building, the Workforce Board’s balanced scorecard includes the outcome measure: “Workforce system partners’ assessment of progress in system building.”

Method

Workforce Board staff administered a survey to state and local workforce development partners. This was the second time the survey was administered. The first was conducted in 2001. The questions in the 2002 survey were nearly identical to the 2001 survey. The survey asked respondents about the characteristics of a **system** of workforce development, how important each characteristic is, and the extent to which the characteristic currently exists in the state or their local area (asked of state and local leaders, respectively). The survey was designed by the Workforce Board, with input from the Interagency Committee and the directors of the local Workforce Development Councils (WDCs).

Who

The survey was sent to 395 local workforce development council members and 38 state leaders of workforce development programs. A total of 62 individuals responded to the survey. This represents just 14% of the 433 people who received the survey. This response rate is lower than the 2001 survey, possibly reflecting the large increase in the numbers of surveys distributed in 2002. (Only 200 surveys were distributed in 2001.)

Results

The attached table shows the average (mean) results.

The respondents reported that every characteristic mentioned in the survey is important for system building. The average response varied only from 3.2 to 4 on a scale of 1 to 4, with 1 representing “not at all important” and 4 representing “very important.”

Respondents were generally positive about Washington’s recent progress in building a workforce development system. When asked, “Compared to a year ago, how much progress has been made toward building a workforce development system” the **average response was 3.1 on a 4-point scale**, with 1 representing “not much” and 4 representing “a lot,” of progress. This is a .2 drop in respondents’ perceptions from last year’s survey.

When asked the extent to which each system building characteristic currently exists, the responses varied considerably from one characteristic to another. **The average response for all the characteristics was 2.7 on a 4-point scale**, with 1 representing “not at all” and 4 representing “completely.” This average dropped .1 from the 2001 survey. At the low end of the scale were: a shared information system*; consistent performance indicators across programs*; and alignment of program planning cycles* (although this last characteristic is thought to be less important than the others). New to the list is lack of obstacles arising from services being provided by different programs and funding sources. Dropping off the 2001 list of low scorers was “programs are well-informed about new policies and practices of partner programs.”

The characteristics that, according to the respondents, are **most** completely in place are: one-stop access to programs*; memorandums of understanding between programs*; state and local strategic plans.* New to the list are: state and local workforce development workforce development plans and goals are linked; and “program operating plans are aligned with the state strategic plan.”

As in the 2001 survey, we looked at the gap between how important respondents believe a characteristic is and the extent to which the respondents believe the characteristic is currently in place. **The characteristics with the biggest gap between importance and implementation are:**

- Programs are well-informed about new policies and practices of partner programs.*
- Industry representatives and training providers collaborate on development and improvement of local programs.*
- Customer data are shared efficiently among partner programs.*
- Programs and services are coordinated to avoid duplication of partner effort.
- Customers encounter no obstacles arising from services being provided by different programs and funding sources.
- There are consistent performance indicators across programs.*
- There is a shared, integrated information system for workforce development programs.*

Finally, as in the 2001 survey, a substantial percentage of individuals responded “don’t know” to some of the questions. For example, thirty-seven percent of the respondents didn’t know whether program planning cycles are aligned. Thirty-four percent didn’t know if local offices of state agencies are directed to coordinate services. Twenty-five percent didn’t know that there is a shared information system for workforce development. Twenty-six percent didn’t know whether state operating plans are aligned with the state strategic plan. Given that the respondents are either the leader of a state program or a member of a local Workforce Development Council, this lack of information is notable.

* These characteristics received similar ratings the 2001 survey.

**State and Local Partner Assessment of System Building
2001 and 2002 Results¹**

Characteristic	Importance of the characteristic					Extent to which characteristic currently exists				
	Not at all Important			Very Important	Don't Know	Not at All			Completely	Don't Know
	1	2	3	4	9	1	2	3	4	9
1. All partner programs that should be are integrated into the state workforce development system.	2001			2002		2001			2002	
	3.8			3.9		3.0			2.8	
2. All services that may serve the needs of customers are integrated into the state system.	2001			2002		2001			2002	
	3.9			3.7		2.9			2.6	
3. Partner programs have opportunities to participate in each other's planning and programmatic decision-making.	2001			2002		2001			2002	
	3.3			3.3		2.5			2.5	
4. Programs are well informed about new policies and practices of partner programs.	2001			2002		2001			2002	
	3.7			3.8		2.4			2.5	
5. State agencies coordinate and collaborate in planning and policy-making.	2001			2002		2001			2002	
	3.7			3.8		2.7			2.7	
6. State agencies and the local Workforce Development Councils coordinate and collaborate in planning and policy-making.	2001			2002		2001			2002	
	3.8			3.7		2.7			2.6	
7. State and local workforce development plans and goals are linked.	2001			2002		2001			2002	
	3.9			3.8		3.1			2.9	
8. Influential representatives of key industries have major roles in state planning and policy development.	2001			2002		2001			2002	
	3.7			3.7		2.7			2.6	

¹ 2001 – 200 surveys distributed and 45 surveys returned, a 23% response rate.

2002 – 433 surveys distributed and 62 surveys returned, an 14% response rate.

Characteristic	Importance of the characteristic					Extent to which characteristic currently exists				
	Not at all Important			Very Important	Don't Know	Not at All			Completely	Don't Know
	1	2	3	4	9	1	2	3	4	9
9. Industry representatives and training providers collaborate on development and improvement of state programs.	2001			2002		2001			2002	
	3.8			3.9		2.6			2.7	

10. Partners are knowledgeable regarding the programs and services of other partners.	2001			2002		2001			2002	
	3.8			3.8		2.7			2.7	

11. Partner programs share information on best practices.	2001			2002		2001			2002	
	3.6			3.7		2.6			2.6	

12. Customer data (e.g., intake information) are shared efficiently among partner programs.	2001			2002		2001			2002	
	3.8			3.8		2.4			2.4	

13. Partner programs are provided information on opportunities that will enhance workforce development system building.	2001			2002		2001			2002	
	3.7			3.7		2.8			2.7	

14. Program planning cycles are aligned (i.e., plan start and end dates are aligned for partner programs).	2001			2002		2001			2002	
	3.4			3.2		2.5			2.2	

15. Programs and services are coordinated to avoid duplication of partner effort.	2001			2002		2001			2002	
	3.7			3.8		2.7			2.6	

16. Local offices of state agencies are directed to coordinate services.	2001			2002		2001			2002	
	3.7			3.6		2.8			2.7	

17. Customers encounter no obstacles arising from services being provided by different programs and funding sources.	2001			2002		2001			2002	
	3.8			3.9		2.3			2.3	

Characteristic	Importance of the characteristic					Extent to which characteristic currently exists				
	Not at all Important			Very Important	Don't Know	Not at All			Completely	Don't Know
	1	2	3	4	9	1	2	3	4	9
18. Participant services are comprehensive in that they include recruiting, access to training, placement, follow-up counseling, childcare, transportation, and other services as needed.	2001			2002		2001			2002	
	3.9			3.9		2.8			2.8	
19. Participant services are accessible to individuals with disabilities.	2001			2002		2001			2002	
	3.9			3.9		3.0			2.9	
20. Participant services are accessible to individuals with limited English ability.	2001			2002		2001			2002	
	3.8			3.9		2.9			2.8	
21. Employer services are comprehensive in that they include job listings, referrals, applicant screening, labor market information, job development, and customized training.	2001			2002		2001			2002	
	3.9			3.9		2.9			2.8	
22. There is a state strategic plan with collective goals, objectives, and strategies for the workforce development system.	2001			2002		2001			2002	
	3.7			3.7		3.1			3.2	
23. Program operating plans (e.g. WIA Title I-B and Wagner-Peyser) are aligned with the state strategic plan.	2001			2002		2001			2002	
	3.8			3.9		3.1			3.0	
24. There are local strategic plans with collective goals, objectives, and strategies for the workforce development system.	2001			2002		2001			2002	
	3.9			3.9		3.2			3.4	
25. There is one-stop (i.e., WorkSource) access to workforce development programs.	2001			2002		2001			2002	
	3.9			3.9		3.4			3.4	

Characteristic	Importance of the characteristic					Extent to which characteristic currently exists				
	Not at all Important			Very Important	Don't Know	Not at All			Completely	Don't Know
	1	2	3	4	9	1	2	3	4	9
26. There are local memorandums of understanding between WorkSource and partner programs.	2001			2002		2001			2002	
	3.7			3.9		3.4			3.3	

27. There are coordinated planning requirements across multiple programs.	2001			2002		2001			2002	
	3.7			3.7		2.7			2.7	

28. There are consistent performance indicators across workforce development programs.	2001			2002		2001			2002	
	3.6			3.7		2.5			2.3	

29. There is a shared, integrated information system for workforce development programs (i.e., SKIES).	2001			2002		2001			2002	
	3.8			3.8		2.3			2.6	
Average Response	3.7			3.8		2.8			2.7	

	Not Much 1	2	3	A Lot 4	Don't Know 9
Compared to a year ago, how much progress has been made toward building a workforce development system?	2001			2002	
	3.3			3.1	

Expenditure Calculations and Assumptions:

Revenues

None

Expenditures

The funding for instructional purposes is proposed at \$10,000 per FTE student for FY 2005. This amount is a conservative estimate based on the expected costs for the programs that are likely to be proposed by the institutions. Currently, institutions are limited in their ability to reallocate existing FTE capacity into high-demand programs because of the high cost of program start-up and the relatively higher cost of ongoing instruction. The actual cost per FTE of awards will be established for each proposal based on the merits and specifics of that proposal.

The proposed budget level includes funds for one professional staff member, plus benefits, for each year of the biennium. The remainder of the funding will be available on a competitive basis for grants to institutions in FY 2005. Institutions do not have sufficient time to establish and implement these programs in FY 2004 since time is required for the appropriation and grant review processes to be completed.

Significant administrative responsibilities will occur in both years of the biennium because of the new features proposed for this program. Assisting and monitoring partnerships between public institutions and between public and private institutions, and assisting in the establishment of new programs in vocational and applied fields will require substantial staff effort. This is in addition to conducting the competitive RFP and evaluation process to allocate the high-demand enrollments. The proposed timetable of making grants available for FY 2005 will allow the institutions time to develop and implement their high-demand enrollment programs in the fall term of FY 2005.

Object Detail	<u>FY 2004</u>	<u>FY 2005</u>	<u>Total</u>
A – Salaries and Wages	\$55,020	\$ 55,020	\$ 110,040
B – Employee Benefits	11,076	11,076	22,152
N – Grants	0	10,000,000	10,000,000
Total Objects	\$66,096	\$10,066,096	\$10,132,192

Budget impacts in future biennia:

Enrollments and funding awarded to institutions will become a part of those public institution base budgets in future biennia. This is the same treatment that was afforded to those proposals that were funded in the 1999-2001 biennium.

Distinction between one-time and ongoing costs:

This program is envisioned as providing ongoing funding, just as the 1999-2001 program provided. Ongoing funding is essential to allow the institutions to justify the up-front investments necessary to implement these expensive programs. In the competitive process, grants and institutional investments will be directed towards programs that are expected to continue to be high demand for the foreseeable future. Ongoing funding also enables better long-range institutional planning and increases the likelihood that innovative program development will continue as an ongoing part of the institutions' state-supported mission.

Effects of non-funding:

Currently, public institutions reallocate base budget FTE enrollment funding and channel new funding for added enrollments into high-demand programs as quickly as possible. However, there are two obstacles to overcome. First, state funding has generally not been provided to cover the startup costs of developing curriculum, purchasing necessary equipment and software, and recruiting the highly-sought-after faculty and staff that are necessary to provide instruction. By definition, these faculty and staff are highly trained in fields that are in high demand, so institutions must compete for their services with the private sector—which has much more flexibility and resources in the recruitment and salary areas.

Second, the ongoing instructional costs of high-demand programs are often much higher than the average cost per student FTE, or the amount of funding provided by the state for new FTEs. This cost differential makes it difficult to reallocate funds by reducing enrollment in an ongoing program that may have less demand (but is funded at a lower rate) and transfer those resources to other high-demand programs. Nursing education is a good example. The cost of each nursing FTE at WSU-Spokane is shown in the last WSU budget request at over \$21,000 per student. However, the average cost of WSU students at all levels on all campuses is shown in the disclosure report at less than \$9,800. Even faced with this difference in cost, WSU makes every effort to reallocate current FTEs and channel new funding into expanded nursing education because of the pressing need for more graduates. With the assistance of funds from this proposed request, WSU (in this example) could be assisted in reallocating resources to expand this high-need but high-cost program.

This grant program will enable institutions to respond much more quickly to economic needs and pursue opportunities for its students, whereas the failure to support this proposal would restrict Washington students' access to programs in fast-growing fields and would force employers to increasingly look outside Washington to recruit their new, highly paid employees.

Finally, failure to provide this funding will miss the opportunity to encourage and support new and innovate partnerships among public institutions and between public and private institutions to address the growing need for more opportunities in a variety of high demand areas. The state must look for new and creative ways to expand opportunities for students. This grant program is an alternative that has been tested and been shown to be successful.

Reason for change:

The problem being addressed by this proposal is the gap between the need for college graduates in a variety of fields that exceeds the ability of higher education institutions to produce those students because of the high cost of providing instruction in these programs. Also, the current budgeting structure of making appropriations for new student FTEs to individual institutions fails to recognize or reward partnerships between institutions, and makes no provision for alliances with private institutions. Finally, this program would provide a financial incentive for institutions to implement baccalaureate programs to serve students with vocational training who wish to continue their education.

Impact on clients and services:

These proposed grants would expand opportunities for students to enroll in programs that have the greatest career potential for successful graduates, and would increase the pool of well-trained students whose skills are sought by employers in key economic sectors. In particular, this program would encourage institutions to develop high-demand programs that will serve students with vocational training that seek to further their education. Currently, these students have limited opportunity to receive credit for coursework they have already completed.

Impact on other state programs:

None

Relationship to capital budget:

None

Required changes to existing RCW, WAC, contract, or plan:

None

Alternatives explored by agency:

The HECB considers this grant program a complement and supplement to funding provided in institution budgets for additional student FTEs. All new FTEs received directly by public institutions are important and represent demonstrated demand since all of the public institutions are currently over-enrolled. The HECB believes that supplementing the new FTEs provided directly in institution budgets through the proposed grant program appropriated to and managed by the HECB yields the significant benefit of a competitive process, which stimulates innovation and ensures that only those proposals that receive the strong support of private-sector business experts will be financed within the limited pool of available funds. In addition, the current budgeting convention of making appropriations directly to individual public institutions fails to recognize and reward partnerships between institutions, and makes no provision for alliances with private institutions.

It is also important to recognize that any grants awarded by the HECB are required to have a match, which leverages funding for expensive high-demand programs and yields more benefit for each dollar invested.

The projects supported by the 1999-01 appropriation, while significant, responded to only a small fraction of student demand for specialized education programs and of employer demand for highly trained employees to support business growth. This decision package seeks a larger commitment to this important economic development initiative in 2003-2005 to support continued expansion of high-demand programs through an application and ranking process similar to the highly successful competitive process that was established in the 1999-2001 biennium.

In a major change from the previous approach, this proposal seeks to encourage and reward efforts by public institutions to develop baccalaureate programs that will allow students with applied and vocational training to continue their education and expand their skills, and to encourage and reward partnerships between public institutions and between public and private institutions (with the public institutions as the lead). The goal of this proposal is to create more capacity for students to obtain the necessary training, and every avenue to achieving that goal in an efficient cost-effective manner should be explored.

Narrative Justification and Impact Statement

How contributes to strategic plan:

This proposal directly supports the goals of the HECB 2000 Master Plan for Higher Education by targeting a portion of new higher education enrollments to high-demand fields, and by stimulating the creativity and innovation of the state's higher education institutions.

Performance Measure Detail

Goal 330 – Encourage Students to Enter Specific Careers Addressing Work Force Shortage

	Incremental Changes	
	<u>FY 2004</u>	<u>FY 2005</u>
Outcome Measures		
351 Number of high-demand programs expanded or established	0	25
352 Number of students enrolled in high-demand programs (FTE)	0	1,000

Output Measures

None

Efficiency Measures

None

Decision Package

State of Washington

Agency:	343 Higher Education Coordinating Board
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Decision Package Code/Title: PD – High-Demand Enrollments

Budget Period: 2003-05

Budget Level:	PL – Performance Level
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Program: 010 – Coordination/Policy Analysis

Agency Recommendation Summary Text

Funding to cover the direct instructional costs of 1,000 FTEs will help respond to the fast-growing demand for well-educated college graduates in key occupational fields such as information technology, teacher training and health care. New aspects of this proposal (compared to the 1999-2001 program) include expanding eligibility for grants to include: proposals for creating or expanding baccalaureate programs for students with training in applied and vocational fields, and proposals from public higher education institutions that choose to partner with other public institutions or with private institutions to expand access (public institutions are the lead in these partnerships).

Operating Expenditures	<u>FY 2004</u>	<u>FY 2005</u>	<u>Total</u>
001-1 General Fund-Basic Account-State	\$66,096	\$10,066,096	\$10,132,192
Total Cost	\$66,096	\$10,066,096	\$10,132,192

Staffing	<u>FY 2004</u>	<u>FY 2005</u>	<u>Total</u>
001-1 General Fund-Basic Account-State	1.0	1.0	1.0
Total FTEs	1.0	1.0	1.0

		<u>Revenue Detail</u>		
<u>Fund</u>	<u>Source</u>	<u>FY 2004</u>	<u>FY 2005</u>	<u>Total</u>
None		0	0	0
Total Revenue		0	0	0

Package Description

The High-Demand Enrollment Program enables the state to respond to the fast-growing demand for well-educated college graduates in key occupational fields such as information technology, teacher training and health care. The Governor and Legislature provided one-time funding of \$4.75 million in 1999-2001 to support the addition of 550 new student FTEs in high-demand programs that are sought by both employers and students. The HECB administered a competitive grant program, with extensive private- and public-sector review, through which the funds to support 550 new student FTEs were provided to 12 public community and technical colleges and baccalaureate institutions.

Relationship to capital budget:

None

Required change to existing RCW, WAC, contract, or plan:

None

Alternatives explored by agency:

An alternative would be to not restore funding to 100 percent of the maximum award level and allow the value of the scholarship to further erode. One of the goals of the program is to retain Washington's brightest students in our state. When the value of the award erodes, it is questionable if this goal would continue to be attained.

Budget impacts in future biennia:

The funds requested are expected to carry forward in future budgets.

Distinction between one-time and ongoing costs:

All costs are ongoing.

Effects of non-funding:

This is a highly selective scholarship. A goal of the program is to encourage these students to remain in Washington to attend college rather than going out of state. As the value of their scholarships erodes, it becomes less likely that these students will be educated and choose to reside in Washington.

Expenditure calculations and assumptions:

Revenues

None

Expenditures

The cost of providing 15 additional scholarships is \$76,000. The cost of increasing all scholarships to full tuition and fees is \$254,000. The cost of increasing future scholarships to cover the full increase in tuition and fees in FY 2004 and FY 2005 is requested, but is not known at this time and is not included in the numbers shown below. The cost of covering future tuition increases is estimated at \$7,500 annually for each one percent increase in tuition.

Object Detail	<u>FY 2004</u>	<u>FY 2005</u>	<u>Total</u>
N – Grants	\$165,000	\$165,000	\$330,000
Total Objects	\$165,000	\$165,000	\$330,000

The WAVE award has, until the FY 2002 academic year, provided its recipients with a maximum award equal to public sector tuition and fees. In FY 2002, a shortfall in funding required that the award be prorated. Scholarship winners received awards valued at about 97 percent of the full value. With the tuition and fee increases in effect for the FY 2003 academic year, the award is likely to be prorated at about 86 percent of total tuition and fees.

Utilization of the scholarships is not static. As Washington’s economy experiences difficult times, more scholarship recipients stay in state to attend college, increasing the utilization. It is estimated that the rate of usage will increase by 15 students in FY 2004 and remain at that level for FY 2005.

Narrative Justification and Impact Statement

How contributes to strategic plan:

The state formed the WAVE program to encourage high academic achievement for students engaged in vocational programs. The award is available for attendance at higher education institutions in Washington thereby providing an incentive to some of Washington’s top students to attend college within the state. This improves the likelihood that they will contribute to the state’s economy and society after graduation.

Performance Measure Detail

Goal 320 – Recognize Academic, Leadership & Community Service

	Incremental Changes	
	<u>FY 2004</u>	<u>FY 2005</u>
Outcome Measures		
354 Grant levels as a percentage of full tuition and fees	14%	14%
Output Measures		
353 Number of WAVE grant recipients	17	17

Reason for change:

Funds are requested to cover additional usage rate and tuition increases over the next biennium. Grant amounts should be the maximum allowable.

Impact on clients and services:

The students receiving these awards are among the top performing students in the state, and the goal is to encourage them to be educated and reside in Washington. To the extent that scholarships cover full tuition and fees, it is more likely that students will choose to be educated and live in Washington.

Impact on other state programs:

None

State of Washington
Decision Package

Agency: 343 Higher Education Coordinating Board

Decision Package Code/Title: 9Z – Washington Award for Vocational Excellence

Budget Period: 2003-05

Budget Level: M2 – Inflation and Other Rate Changes

Program: 030 – Student Financial Aid/Grants

Agency Recommendation Summary Text

Funds are requested to cover an expected increase in the rate of utilization of merit-based scholarships for vocational students and to restore grant amounts to cover full tuition and fees. In addition, funds are requested (amount not yet known) to cover increases in tuition in 2003-2005 biennium, at the rate of \$7,500 annually for each one percent increase in tuition.

Operating Expenditures	<u>FY 2004</u>	<u>FY 2005</u>	<u>Total</u>
001-1 General Fund-Basic Account-State	\$165,000	\$165,000	\$330,000
Total Cost	\$165,000	\$165,000	\$330,000

Staffing	<u>FY 2004</u>	<u>FY 2005</u>	<u>Total</u>
None	0	0	0
Total FTEs	0	0	0

Revenue Detail		<u>FY 2004</u>	<u>FY 2005</u>	<u>Total</u>
<u>Fund</u>	<u>Source</u>			
None		0	0	0
Total Revenue		0	0	0

Package Description

The Washington Award for Vocational Excellence (WAVE) is the state's merit based award for outstanding student achievement in the vocational arts. The Workforce Education and Training Coordinating Board administers the program. The Higher Education Coordinating Board (HECB) is the fiscal agent for the program and the appropriation is placed in the HECB budget. Both Boards recommend the scholarship be fully funded.

Additionally, the HECB requests funds to cover tuition increases in fiscal years 2004 and 2005 on a dollar-for-dollar basis. This amount cannot be determined at this time, but the cost to cover each 1 percent increase in tuition and fees is \$7,500.

Washington Award for Vocational Excellence (WAVE)		
Academic Year	Number of Students	Dollars Granted
1995-96	84	\$132,218.50
1996-97	157	\$311,821.59
1997-98	204	\$404,719.28
1998-99	248	\$477,514.20
1999-00	275	\$535,050.00
2000-01	277	\$542,638.00
2001-02	253	\$577,879.00

WASHINGTON AWARD FOR VOCATIONAL EXCELLENCE (WAVE)

Program Description

The Washington Award for Vocational Excellence (WAVE) is administered by the Workforce Training and Education Coordinating Board, which sets policy and conducts the recipient selection process. The Higher Education Coordinating Board (HECB) is designated as the disbursing agent for the program. The HECB receives an appropriation to pay the grants.

The Washington Award for Vocational Excellence (WAVE) annually recognizes the occupational proficiency, leadership, and community contributions of up to three outstanding vocational-technical students (two secondary and one postsecondary) from each legislative district. The program recognizes the value of vocational-technical education in a globally competitive workforce; its contribution to the economy of the state; and its ability to foster business, labor, and community involvement in vocational-technical programs.

WAVE recipients who were named prior to June 30, 1994 are eligible to receive a waiver of tuition and fees for six quarters or four semesters of undergraduate study at all Washington public colleges and universities.

Recipients named after June 30, 1994 are eligible to receive grants equal to six quarters or four semesters of tuition and fees at community/technical colleges, regional/research universities, accredited independent colleges, or licensed private vocational schools in Washington. Grants must be used only for undergraduate study and cannot exceed the annual undergraduate tuition and fees at state public research universities.

Recipients may defer using their awards for three years. As a result, grants have been phased-in, beginning with the 1995 recipients who used their awards in the 1995-96 academic year. The number of grant recipients increased as each succeeding group of WAVE recipients was named. Since the end of the 1998-99 academic year, the total number of recipients using awards each year remains relatively constant at approximately 275 receivers annually.

The value of the grant is indexed to, and may not exceed, the cost of the annual full-time resident undergraduate tuition and fees at the state public research universities. However, the actual awards from the appropriated funds are prorated among the recipients and may result in grants that are less than the full value of tuition and fees at the public institutions. This means that any shortfall in funding will result in lower awards for the student recipients.

RECOMMENDED MOTION D

WHEREAS, The Washington Award for Vocational Excellence program recognizes the value of vocational-technical education in a globally competitive workforce, its contribution to the economy of the state, and its ability to foster business, labor, and community involvement in vocational-technical programs; and

WHEREAS, Due to a shortfall in funding in FY 2002, scholarship winners received awards valued at about 97 percent of the full value and, with the tuition and fee increases in effect for the FY 2003 academic year, the award is likely to be prorated at about 86 percent of total tuition and fees; and

WHEREAS, It is estimated that the rate of usage will increase by 15 students in FY 2004 and remain at that level for FY 2005.

THEREFORE BE IT RESOLVED, That the Workforce Training and Education Coordinating Board endorses the Higher Education Coordinating Board's budget request for the Washington Award for Vocational Excellence (WAVE).

Washington Award for Vocational Excellence (WAVE)

The Washington Award for Vocational Excellence (WAVE) annually recognizes the occupational proficiency, leadership, and community contributions of up to three outstanding vocational-technical students (two secondary and one postsecondary) from each legislative district.

Current WAVE recipients named after June 30, 1994 are eligible to receive grants equal to six quarters or four semesters of tuition and fees at community or technical colleges, regional/research universities, accredited independent colleges, or licensed private vocational schools in Washington.

WAVE is administered by the Workforce Training and Education Coordinating Board, which sets policy and conducts the recipient selection process. The Higher Education Coordinating Board (HECB) disburses the grants, and receives the appropriation from the legislature.

The WAVE award has, until the FY 2002 academic year, provided its recipients with a maximum award equal to public sector tuition and fees. In FY 2002, a shortfall in funding required that the award be prorated. Scholarship winners received awards valued at about 97 percent of the full value. With the tuition and fee increases in effect for the FY 2003 academic year, the award is likely to be prorated at about 86 percent of total tuition and fees. Utilization of the scholarships is not static. As Washington's economy experiences difficult times, more scholarship recipients stay in state to attend college, increasing the utilization. It is estimated that the rate of usage will increase by 15 students in FY 2004 and remain at that level for FY 2005.

The HECB is requesting \$330,000 in additional general fund state dollars to cover an expected increase in the rate of utilization of the WAVE scholarship and to restore grants amounts to a level that will cover full tuition and fees. Attached are the HECB documents supporting their budget request.

Board Action Requested: Adoption of the motion endorsing the WAVE budget request by the Higher Education Coordinating Board.

RECOMMENDED MOTION C

WHEREAS, The State Strategic Plan for Workforce Development calls for increasing student enrollments in high demand industry clusters; and

WHEREAS, The Governor and the Workforce Board during the past two biennia have supported funding a pool of additional student FTEs allocated to college and university programs based upon the demonstration of high employment demand for program completers;

THEREFORE BE IT RESOLVED, That the Workforce Training and Education Coordinating Board supports funding in the 2003-05 biennial budget for a pool of additional student FTEs allocated to colleges and university programs based upon the demonstration of high employment demand for program completers.

**WASHINGTON STATE
WORKFORCE TRAINING AND EDUCATION COORDINATING BOARD
MEETING NO. 88
OCTOBER 2, 2002**

**HIGHER EDUCATION COORDINATING BOARD BUDGET REQUESTS
HIGH DEMAND ENROLLMENTS
THE WASHINGTON AWARD FOR VOCATIONAL EXCELLENCE (WAVE)**

The Workforce Training and Education Coordinating Board (Workforce Board) has a statutory assignment to review the budget requests of the operating agencies represented on the Board. While the Higher Education Coordinating Board (HECB) is not one of the operating agencies on the Workforce Board, the HECB is proposing two budget items that the Workforce Board may want to endorse and recommend to the Legislature and the Office of Financial Management.

High Demand Enrollments

Strategy 1.4.1 of the *State Strategic Plan for Workforce Development* is: "Develop new programs and increase student enrollments in workforce training especially in high demand industry clusters such as health care and information technology."

For the 1999-01 biennium, the Governor proposed and the Legislature funded 550 new student FTEs allocated through a competitive process to high demand programs. High demand was defined as programs with high demand in the labor market. This was a new funding mechanism for the state. Traditionally, the Legislature has funded a general increase in higher education student FTEs per four-year institution and the two-year colleges as a whole, and choices made by individual colleges and students have determined which programs receive the additional FTEs. In contrast, in order to successfully compete for funding for high demand FTEs, colleges and universities have to demonstrate high demand in the labor market for program completers. Most of the FTEs funded through the 1999-01 high demand pool of money were in information technology and health care.

For the 2001-03 biennium the Governor proposed 1,500 high demand student FTEs but the Legislature did not fund any high demand FTEs. The Workforce Board supported the Governor's request for both 1999-01 and 2001-03.

For the 2003-05 biennium the HECB is requesting funding for 1,000 additional FTEs for high demand programs at two and four-year colleges and universities. The HECB's decision package is attached. A special feature of the HECB proposal is to reward institutions that plan to develop baccalaureate programs that will allow students with applied and vocational training to continue their education and expand their skills, and to encourage and reward partnerships between public institutions and between public and private institutions. Any grants awarded by the HECB are required to have a match. The amount of state funding per FTE will depend on the institutions' proposals; for example, health care programs tend to cost more than most programs. The average funding is expected to be about \$10,000 per FTE. The enhancement request is for \$10,066,096.

Board Action Requested: Adoption of the Recommended Motion.

- d) Direct WAN connections between the sites in question and the ESD DMZ.
 - i) Cost prohibitive, this would require ESD to build an alternate WAN infrastructure.
- 2) No other solutions exist for firewall infrastructure and intrusion detection.
- 3) Initial Information Security audit and training development would be out-sourced; the ESD Training group could provide subsequent training.

Budget impacts in future biennia:

Initiative does not assume or require additional future funding. If no funds are allocated at the end of the pilot period, the career tools will have been developed and can continue to be used, being updated with new labor market information using existing funding sources. The technology enhancements can likewise carry forward into the future in keeping with the Department's 5-year technology upgrade strategy. They would not then be upgraded unless additional funding is available. The staff who provide additional workshops and job search assistance are not assumed to be funded.

If the initiative proves effective at improving labor market outcomes and reducing longer-term demand on income support systems, the Department will advance proposals to either continue the strategy of targeting resources to offices or identify options for extending the pilots system-wide.

Regarding the Enhanced Security provisions, initial purchase costs to be funded via Reed Act, on-going hardware/software maintenance costs will be included as a PY03 line item budget if necessary.

Distinction between one-time and ongoing costs:

All funding is one-time and can include planning for phase out of the project. As such, the funding is focused on pilots and evaluation of outcomes to determine the value of continued funding.

Effects of non-funding:

Disparities in service across geographic areas and customer populations. Employment Security can adjust some aspects of capacity and service distribution. This funding is intended to help bridge some of the gaps, which we cannot address as a result of federal boundaries on our services. The initiative is also intended to address a perception that Employment Security has moved too far toward technology and away from in-person support for job seekers.

Expenditure Calculations and Assumptions:

<u>Object Detail</u>	<u>FY 2004</u>	<u>FY 2005</u>	<u>Total</u>
FTE	25.0	25.0	25.0
A – Salaries	\$1,597,657	\$1,679,630	\$3,277,287
B – Benefits	\$399,414	\$419,908	\$819,322
C – Personal Service Contracts	\$1,211,525	0	\$1,211,525
J – Equipment	\$1,188,250	0	\$1,188,250
<i>Total objects</i>	\$4,396,846	\$2,099,538	\$6,496,384

employment. (3) The enhanced security portion of the proposal becomes even more important as we develop improved capacity for matching job seeker and business needs. These improved matches require more detailed information, information that should be protected from unauthorized use.

Impact on clients and services:

Currently, our funding is heavily oriented toward federally-defined categories of customers. This has two negative effects. It can cause too few services for customers who do not match the federal categories. It can cause overlapping services across funding sources. The Low Income Adult Initiative is designed to address both problems in a selection of offices and to test the results.

Impact on other state programs:

The initiative should improve wage progression and employment retention among job seekers that use Employment Security labor market information and career tools.

Relationship to capital budget:

No impact on capital budget.

Required changes to existing RCW, WAC, contract, or plan:

No required legal or rule changes. Planning changes are internal to Employment Security.

Alternatives explored by agency:

The agency is developing both more expensive and less expensive alternatives for the service component of this proposal. Less expensive alternatives include significant changes in customer identification, service delivery, and career development tools pursued within existing funding. The obvious shortcoming of this approach is the limitations imposed by older technology and the limitations of self-service job seeking. More expensive alternatives include a range of Reed Act-allowable uses which have been identified by our program divisions as important for system integrity or options which would simultaneously increase eligibility for services and expand the range of services available.

As alternatives for the Enhanced Security provisions, ESD has considered the following:

- 1) Resource Room public-use PCs
 - a) Implement access lists at the router to disallow everything but Web services
 - i) This would continue to allow these PCs to access any and all web services within the SGN
 - b) Employing Active Directory, place these PCs into a separate Origination Unit (OU) and restrict their access
 - i) This would continue to allow these PCs to have full TCP/IP access, thus not preventing intrusion
 - c) Implement GRE (Generic Route Encapsulation) tunnels to forward all network traffic from/to these PCs directly to the Internet
 - i) This would require the purchase and implementation of high-capacity routers to implement this solution. This solution would be considered a piecemeal solution.

Major upgrades to operating systems, installation of firewalls, training and security assessments outlined in this proposal are essential to attain a degree of privacy and security necessary to provide services to the low-income customers.

Performance Measure Detail

Three categories of formal measures are to be developed in conjunction with other performance measures system-wide at ESD. All are measured for claimants who are low-income (at a defined income level) in last job and are relative to similar individuals in non-pilot offices.

**Goal: Provide relevant, accurate, and accessible services
Maintain stewardship over public resources**

**Incremental Changes:
Relative to Similarly
Situated Individuals in Non-
Pilot Offices**

	FY 2004	FY 2005
Outcome Measures		
Entered employment (Subject to minimum threshold for 'employed')	+5%	+5%
Job Search Duration (Weeks)	-5%	-5%
Employment tenure (Percentage of Placements with 4 consecutive quarters at least \$2500 per quarter)	+5%	+5%
Employment tenure (Percentage with Placement Employer at 3 years)	+5%	+5%
Wage progression (For those with previous earnings, comparison to previous wage)	+5%	+5%
Wage progression (For all, change in earnings at one year, at three years)	+5%	+5%
Output Measures		
Percentage of low income customers receiving redesigned services	Baseline	+5%
Percentage of low income customers re-employed in target employment options	+5%	+5%

Reason for change:

Three main reasons. (1) Much of Employment Security funding is federal, categorical funds. This project is intended to explore options, which make those divisions less apparent to customers, to give them a sense of "specialized" services in a general service environment. (2) A rapidly changing labor market is causing extensive insecurity among Washington job seekers. Employment Security needs to expand access to counseling, career information and other services, particularly for the growing ranks of low income adults. This focus is imperative if we are to continue to develop living wage jobs and stable

Firewalls and Intrusion Detection

Software (Firewalls) = \$297,500

Hardware (Firewalls) = \$297,500

Single Password Authentication

ITSS 5 (12 Months of Contracted Programmer)

Salary = \$59,904

Benefits = \$14,976

NPS = \$ 1,540

AS&T = \$11,980

Total Staff = \$88,400

Consultant Services 600 Hours @ \$125/Hr. = \$75,000

Total = \$163,400

Narrative Justification and Impact Statement

How contributes to strategic plan:

ESD Strategic Plan includes performance measures for WorkFirst, re-employment of Unemployment Insurance claimants, Workforce Investment Act adult funds, and updating of the "profiling" model to assign UI claimants to workshops. This initiative is intended to coordinate these changes in relation to low-income adults to avoid duplication and to improve outcomes. Our effort is to reach across the boundaries of federal programs to improve targeting of resources and customization of career development services. Our goal is to use one-time funds to fill specific gaps in our service strategy and to test the outcomes for future program changes.

The Enhanced Security provisions are important as well. Low-Income Services customers will be using a network of servers, routers, and operating systems located at Employment Security Department facilities and WorkSource partner locations. Currently, all partners who deliver ES services are connected via Wide Area Networks that terminate at the DIS node sites (7 points of presence) statewide; all state agencies connect to the same node sites. This method of connectivity provides all ESD partners with direct network access to all services, applications, and resources provided on the State Government Network (SGN). Essentially, the partners have the same level of access as ESD staff have from their desk tops.

ESD also utilizes Resource Rooms, where public-use personal computers (PCs) are located (approximately 1200 PCs statewide). These public use PCs are also on the State Government Network with access to all services, applications, and resources provided on the SGN. Secondly, these PCs operate on Windows 9x Operating Systems; the Windows 9x Operating System was designed with very little inherent security.

the tools available in Resource Rooms. This is one of the tools used for job search activities for UI Claimants. Fax machines in the Resource Rooms also serve to meet the Core Service needs of all job-seekers as a means to access tools for the public labor exchange (Wagner Peyser Program). In particular it is used to fax resumes to Employers.

3. ENHANCED PERSONAL INFORMATION SECURITY

The extension of the Employment Security Department targeted services to low income customers brings with it two responsibilities:

- The customers of the Department must be assured the data collected as the Department provides services, will remain private and available only to Department staff that assist these individuals in achieving and sustaining career employment.
- The information that the Department collects in regard to its other responsibilities (e.g., employer tax and wage data, Unemployment Insurance benefit payment history) remains secure when customers are using Department-provided facilities and self-service computer equipment. This becomes especially important as the Department engages service delivery partners in local governments and the private sector to provide services that will result in career employment.

As the agency has evolved over the past years to provide the OneStop service model, we have implemented network connectivity into facilities other than those fully owned and operated by ESD – these facilities include partner/affiliate sites, community colleges, private industry, and public use resource rooms.

As ESD has implemented the OneStop service model, the need for Information Technology security has become paramount given the extended networks (extra-nets). This proposal funds the following components in order for ESD to secure its assets and comply with DIS security standards:

- A firewall infrastructure
- Intrusion Detection
- Secure Partner/Affiliate connectivity
- Secure WorkSource resource rooms (Public-use PCs)
- Investigate and implement single password authentication
- Contract for an external security assessment/audit
- Develop (external contract) and roll-out an Information Security Awareness program and training

The Fiscal Detail section above is based on the following assumptions:

External Security/Privacy Risk Assessment Audit:

1,450 Hours @ \$175/Hr = \$253,750

Information Security Awareness Program

Consultant Services

1,375 Hours @ \$145/Hr. = \$199,375

This initiative will make new job search tools available to all low income job seekers who seek WorkSource help because we will develop on-line tools which can be distributed system-wide. The headquarters FTEs in the proposal are to design and create these new career development tools using the best available labor market information. The population served by the electronic tools is potentially vast, since all low-income job seekers with internet access can use these tools. Also, by upgrading the tools available in all WorkSource offices, the Department is making available state-of-the-art equipment for individuals who tend to have less access to such resources.

2. IMPROVED TECHNOLOGY FOR JOB SEEKERS

- A) There is currently a need to replace 880 of the 1,200 outdated PC's in WorkSource Resource Rooms. Approximately $\frac{3}{4}$ of the current PC's in WorkSource Resource Rooms are at least 4 years old and in need of updated processors and operating systems.

$$\$1,249 \times 880 \text{ (PCs)} = \$1,099,120$$

PC's are used as the primary tool for delivery of services to customers in WorkSource Resource Rooms. The PC's in the Resource Rooms are used by customers for accessing job search information on the Internet. Customers also use software programs on the PC's for assessment or resume writing. UI Claimants are encouraged (through Job Hunter modules and orientations) to make use of the tools available in Resource Rooms. This is the primary tool used for job search activities for UI Claimants. Resource Rooms also serve to meet the Core Service needs of all job-seekers as a means to access tools for the public labor exchange (Wagner-Peyser Program).

Security of the ESD State Network is of primary importance. The new PC's would have an operating system that would insure the agency security needs are met.

- B) There is currently a need to replace 30 outdated Printers in WorkSource Resource Rooms.

$$\$1,489 \times 30 = \$44,670$$

Printers are used as a tool for delivery of services to customers in WorkSource Resource Rooms. Printers are connected to the PC's in the Resource Rooms, (that are used by the customers who are accessing the Internet as well as using other software for assessment or resume writing). UI Claimants are encouraged (through Job Hunter modules and orientations) to make use of the tools available in Resource Rooms. This is one of the tools used for job search activities for UI Claimants. Printers in the Resource Rooms also serve to meet the Core Service needs of all job-seekers as a means to access tools for the public labor exchange (Wagner Peyser Program).

- C) There is currently a need to either add to or replace a total of 20 FAX machines in WorkSource Resource Rooms.

$$\$2,223 \times 20 = \$44,460$$

FAX machines are used as a tool for delivery of services to customers in WorkSource Resource Rooms. UI Claimants are encouraged (through Job Hunter modules and orientations) to make use of

revised workshops to target specialized needs, revised computer tools for job search, and specialized outreach to employers.

- ESD will utilize additional information to allocate customers into services by labor market characteristics. For example, as required by federal law, the UI program currently sorts claimants using a “profiling” model. Instead of profiling “in” or profiling “out” of services, the process will be refined to identify “profiled in low earnings” and “profiled in higher earnings”. Similar sorting efforts will be identified using other tools (self-assessment, referral by WorkSource partners).

Services

- ESD services would be modified to match more specific needs. For example, current workshops could be supplemented or replaced with more targeted career development tools based on identified categories. Labor Market Information would reflect more specific information based on skills, labor market experience, and previous earnings.
- The need to balance high volume and unique concerns would be addressed through “group intensive” support. These would be group services, but smaller groups with shared needs.
- In addition to improved job matches, ESD will improve labor market outcomes by linking employer demand and customer interest in training opportunities through the Workforce Investment Act.

Career Ladders

- ESD will facilitate movement from job placement to career development.
- Our goal of improving employment matches reflects the desire of employers to reduce turnover, the need for job seekers to find careers and not just jobs, and the pressing need for policy makers to reduce benefit outlays.
- Sorting and service changes to create longer-lasting matches between job seekers and employers.
- Might be achieved in several ways (target career ladders, cluster strategies, career advice on the supply side).

Evaluation and Agency Goals

- The pilot process allows testing of assumptions about sorting customers, targeting services, and successfully matching customers and careers.
- Performance measures include job placement rates, but also employment stability and job quality measures. This will allow identifying trade-offs among goals. Specifically, we can determine whether this strategy simultaneously reduces job search duration and increases employment stability. Ideally, by placing individuals into more stable, higher wage jobs, the impact on public programs is reduced over time.

Package Description:

This package reflects the current state of thinking within the Low Income Adult Initiative staff. The goal is to develop pilot projects in selected offices to improve labor market outcomes for customers. Offices would be selected on the basis of customer base and labor market context, i.e., places where low-income labor supply and potential career ladders suggest potential success. The initiative is intended to test the proposition that our redesigned sorting, services, and labor market efforts can improve wage progression, job stability, and customer satisfaction. This is an appropriate Reed Act usage because the federal funding source for universal labor exchange services (Wagner-Peyser), has been declining for many years despite increased need for services.

Important Note: This decision package will utilize the Reed Act Revolving Fund concept, where employment security system software development with a cost of \$1 million or more can be amortized over time through federal administrative grants. (Reference: Section 903 of the Social Security Act and Unemployment Insurance Program Letter 39-97). The charges to the federal funds restore the Reed Act trust fund balance. The funds thus restored could then be re-appropriated in future years or would simply replenish the trust fund balance. The only impact on the UI Trust Fund is the temporary removal of the decision package costs while the federal program repayment schedule transpires. This mechanism is the equivalent of an interest free loan for the federal program. It allows the state to make technology investments that would otherwise not be feasible in the short term. The repayment schedule for this decision package is assumed to be four years after the completion of the project.

1. STAFFING AND SERVICE STRATEGY

To do this, we propose system-wide improvements in technology coupled with test projects for increased staffing in 4-5 offices. The funding is used for three main purposes: (1) improving the direct, personalized support for job seekers through "group intensive" career developments in selected offices, (2) technology upgrades to improve the capacity and security of all local offices, and (3) a small increase in central office support for the career tools. Pilot Offices will be chosen based on three factors: (1) the supply of low income workers in the local labor market, (2) the demand for these workers among industries and employers which are more likely to provide stable employment and increasing wages and, (3) interest on the part of WorkSource administrators and local partners.

The proposal will augment electronic tools with in-person support in selected offices representing one-third of the 12 Service Delivery Areas. In those offices, services will be directed in keeping with the "profiling" process. In 2001, approximately 20,000 unemployed workers were in the lowest 40% of earnings, eligible for UI, and deemed "likely to exhaust" their UI benefits under the Department's profiling model. Based on 2001 claimant levels and pilots in one-third of the offices, the pilot may serve about 6,000 job seekers with group intensive re-employment services. The initiative will redesign our customer *sorting, services* (including training direction), and *career information*. The result would be subject to rigorous evaluation.

Sorting

- Current services are allocated by very broad categories that may not address appropriate distinctions among job seekers and employers. ESD can, within the boundaries of categorical funding, redesign the methods and outcomes for allocating customers into services. This could include new and

State of Washington
Decision Package

Agency: 540 Employment Security Department

Decision Package Code/Title: AG/Low Income Adults Enhanced Employment Initiative

Budget Period: 03-05 Biennium

Budget Level: Performance Level

Agency Recommendation Summary Text:

The Employment Security Business Plan calls for an in-depth review of our program strategies for serving low-income adults. This effort has included steering committee discussions; a series of focus groups involving job seekers, employers, and staff; some contract research on career ladders; and review of best practices around the country. Much of what has been learned can be accomplished with existing funds. However, our research has revealed three needs which are appropriately addressed with Reed Act funds. First, there is a need to support job seekers using advanced job search techniques. Rather than propose an expensive, system-wide response, we propose a pilot project to test assumptions about sorting customers into labor market categories, redesigning services to promote more effective career choices, and evaluating outcomes in terms of placements, wages, and employment stability. Second, to implement this strategy and to extend the best possible tools to the majority of our customers, the Department is proposing system-wide improvements in the technology in our Resource Rooms. Third, the effort to improve information on job seekers and employers warrants greater attention to securing our information. This, too, is proposed system-wide given our role as gatekeeper for critical information throughout the One Stop system.

Fiscal Detail

Operating Expenditures	FY 2004	FY 2005	Total
119-2 Reed Act Funds	\$4,396,846	\$2,099,538	\$6,496,384
<i>Total Cost</i>	\$4,396,846	\$2,099,538	\$6,496,384

Staffing	FY 2004	FY 2005	Total
<i>FTEs</i>	25.0	25.0	25.0

Revenue Detail

<u>Fund</u>	<u>Source</u>	FY 2004	FY 2005	Total
119-2	03-17	\$4,396,846	\$2,099,538	\$6,496,384
<i>Total Revenue</i>		\$4,396,846	\$2,099,538	\$6,496,384

- 20 FTE for Counselors for 4-5 offices and 5 program support and LMEA adding value to the career tools.
- Technology upgrades for all resource rooms, including replacement of ¾ of the resource room PCs.
- Enhanced computer security to protect personal information of businesses and claimants.

Employment Security Department

Budget Request

The colleges will use four strategies to meet these goals:

1. **Identify key industries and occupations** in each region of the state. To implement this initiative, a study of key strategic Washington industries will be completed this October. The study, conducted by the Northwest Policy Center, will identify expected job openings and will compare the number of openings to the number of workers currently being trained by occupation.
2. **Build regional partnerships** among colleges, business, labor and workforce councils to close skills gaps in those industries and occupations. Colleges are being convened into regional consortia to review the study data and develop regional plans to close skills gaps. The effort will include identification of training niches for each college and strategies to adjust training capacity to meet regional needs.
3. **Provide well-funded college enrollments to each region of the state** targeted to those key industries, critical occupations and target populations. The two-year colleges commit to meeting performance objectives related to the three goals in order to retain legislative funding support for this program.
4. **Adopt best practices** that increase the effectiveness and responsiveness of workforce and basic skills education.

Budget Request

The State Board requests \$14,625,000 for 1,500 economic development FTES – 750 new FTES in each fiscal year of the biennium - funded at a level of \$6,500 per FTE in order to offer high cost workforce programs and to support more intensive skills training that combines workforce training with ESL and basic skills training.

The State Board will allocate FTES to regional consortia of colleges for closing the skills gap for specific industries in each region of the state. In order to receive funds, colleges will be required to demonstrate that they have:

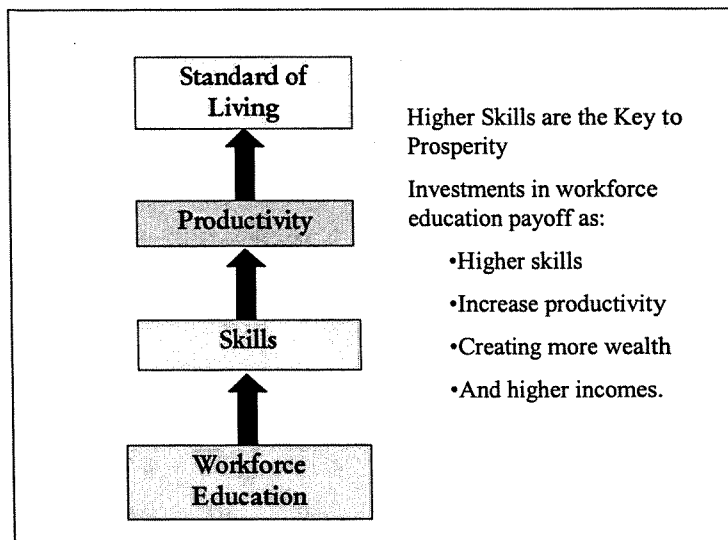
- Worked closely with workforce development councils and key industry associations or companies in the development of their proposals.
- Collaborated regionally to identify particular niches for each college.
- Effective and active advisory boards for workforce and basic skills education programs.
- A viable and comprehensive program review process that ensures that efforts have been made to re-tool existing programs to meet regional needs.
- Use of industry certification and industry skills standards where they are available.

	General Fund			
	State (GFS)	Operating Fees		
	(001-1)	(149-6)	Total	FTE
FY 2003-04	\$ 4,875,000	\$ 921,000	\$ 5,796,000	53.0
FY 2004-05	<u>\$ 9,750,000</u>	<u>\$ 1,842,000</u>	<u>\$ 11,592,000</u>	<u>106.0</u>
Total Request	\$ 14,625,000	\$ 2,763,000	\$ 17,388,000	79.5

If workforce programs take longer to complete because they require basic language and literacy skills for entrance, students tend not to persist to complete the technical training. Students have found it too difficult to complete lengthy programs while working and often lacked the incentive to complete programs if they are not linked to work. An alternative to lengthening students' programs is to provide basic skills and workforce training simultaneously, but this approach is expensive and current college funding levels are not sufficient to support a doubling up of technical faculty with English language and basic skills faculty.

Economic Development is Regional

The prosperity of each region of Washington is dependent on the ability of its industries to compete in the global economy. The goal of economic development is to improve the standard of living of Washington state's citizens. In the 21st century, the advantage goes to regions where companies and industries are able to compete by working smarter than their competitors. Government plays a key role in generating prosperity through education and training.



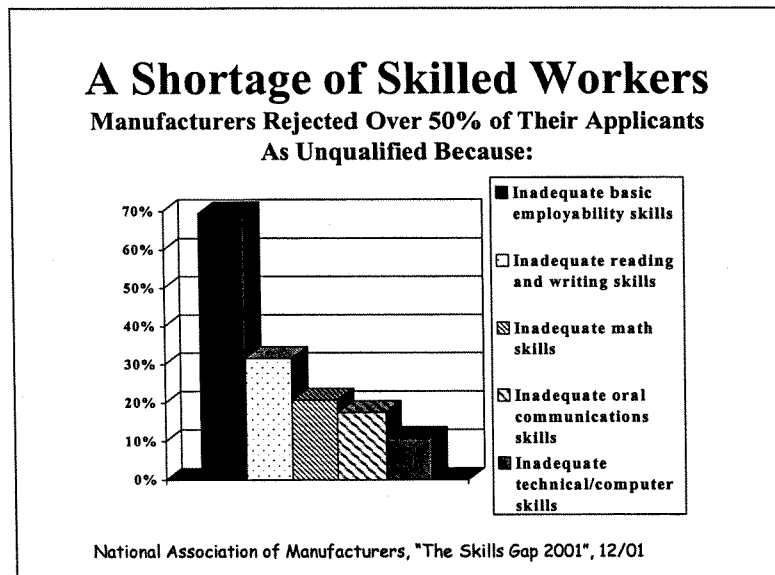
Industries tend to “cluster” in specific regions based on the assets and culture of those regions. In each region of this state there are clusters or emerging clusters – concentrations of interconnected companies in related industries that form the backbone of that region’s prosperity. Community and technical colleges are regionally based and strategically positioned as the primary providers of specialized education that key industries need to succeed in global competition.

Economic Development Proposal

To help make Washington state more competitive and thus more prosperous, the community and technical colleges are working to build the nation’s best workforce education system, and have set three goals:

1. **Close the skills gap** for key industries in each region of the state.
2. **Increase the number of workforce education program completers** in high-demand fields.
3. **Increase the earnings gains** of workers by giving them the skills they need for family-wage jobs.

The cost of this “skills gap” to Washington’s economy is enormous. Sixty-three percent of the state’s agriculture employers and 70 percent of the state’s manufacturers indicated that they reduced output as a consequence of the skills shortage. Nearly 20 percent of the state’s high tech employers moved work out of state because of the skills gap.



Meeting The Skills Needs for Entry Level Employees

Employers are concerned about the skill deficiencies of both their current workforce and prospective applicants. In a 2001 National Association of Manufacturers survey, 60 percent of manufacturers indicated that their employees lacked adequate employability or work skills. Another one-third lacked basic reading and writing skills and a quarter had poor English skills.

The challenge of basic skills and English language skills is likely to increase in the future. According to the Bureau of Labor Statistics, over the last four years foreign-born workers constituted nearly half of the net increase in the U.S. labor force. In Washington state, over one-third of the population under the age of 5 is Hispanic and in parts of Eastern Washington it is over 70 percent. While overall labor force growth is expected to slow over the next few decades, the proportion of people of color in the labor force is expected to increase dramatically. This segment of the population has been underrepresented among high school and college graduates.

Meeting this challenge will require a radical change in the current approach to postsecondary education. To meet the economic needs of Washington employers will require more intensive skills training that combines occupational training with English as a second language and basic skills.

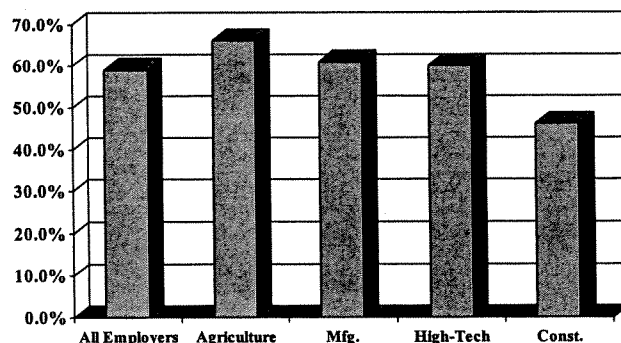
STIMULATE ECONOMIC DEVELOPMENT THROUGH WORKFORCE TRAINING

Strategic Plan Goal: Workforce Education and Training for the 21st Century

Workforce education, training and retraining programs at colleges will help students learn the full range of technical and academic skills they need to get high-wage jobs and adapt to future career requirements in Washington's changing economy.

Despite the state's highest unemployment rate in over 15 years, more than 60 percent of Washington's employers are having difficulty finding the skilled workers they need to compete in today's economy.

Washington Employers Still Report a Skills Shortage



Percentage of employers reporting finding difficulty finding qualified applicants during last 12 months – (Post 9-11 survey)

Source: Bryan Wilson, Associate Director, Workforce Education and Training Coordinating Board, Jan. 2002

Consequences of Skill Shortages: Percent of Firms Reporting Result

	Reduced Output	Reduced Quality	Moved Out-of-State
Agriculture	63%	56%	6%
Construction	88%	64%	4%
High-Tech	69%	44%	18%
Manufacturing	70%	53%	4%
Services	49%	52%	4%
Trade	72%	55%	2%

Source: Bryan Wilson, Associate Director, Workforce Education and Training Coordinating Board, Jan. 2002

Request

Targeted funding to address health care training and capacity issues in the college system is requested. A pool of 400 full-time equivalent enrollment slots – 200 new enrollments in each fiscal year of the biennium - is requested at a funding rate of \$10,000 per FTE. This funding rate reflects the actual cost of operating health care programs due to low student-faculty ratios, specialized equipment and consumable instructional materials, instructional lab technicians, and faculty with specialized training and industry experience. These FTES will expand the colleges' capacity by 10 percent and increase the production of allied health graduates from 4,000 skilled health care workers to 4,400. Colleges will expand capacity in programs with long waiting lists or where current employment demand outstrips the output of the system. Colleges will also collaborate to eliminate duplication and competition for clinical sites or staff.

Projected Outcomes

1. Increase the production of skilled health care workers consistent with employment demand.
2. Increase opportunities for clinical training.
3. Increase the availability and retention of qualified health care faculty.
4. Recruit diverse populations into health care training programs.

Budget Request

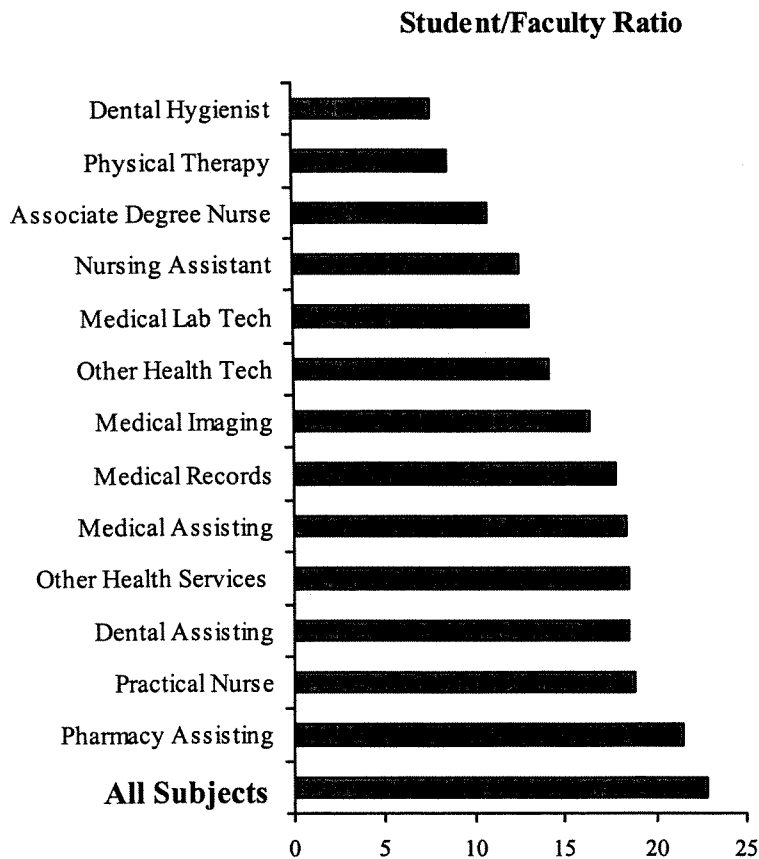
	General Fund			
	State (GFS	Operating Fees		
	(001-1)	(149-6)	Total	FTE
FY 2003-04	\$ 2,000,000	\$ 246,000	\$ 2,246,000	16.0
FY 2004-05	<u>\$ 4,000,000</u>	<u>\$ 492,000</u>	<u>\$ 4,492,000</u>	<u>32.0</u>
Total Request	\$ 6,000,000	\$ 738,000	\$ 6,738,000	24.0

of the total grant pool, which is intended to address needs across the system for all high-demand workforce education programs, including information technology, agriculture and food processing. The State Board has consistently received proposals for twice as much money as is available. While these one-time grants augment colleges' resources to support high start-up costs, they do not provide sustained funding necessary for the high on-going operating costs of health care programs.

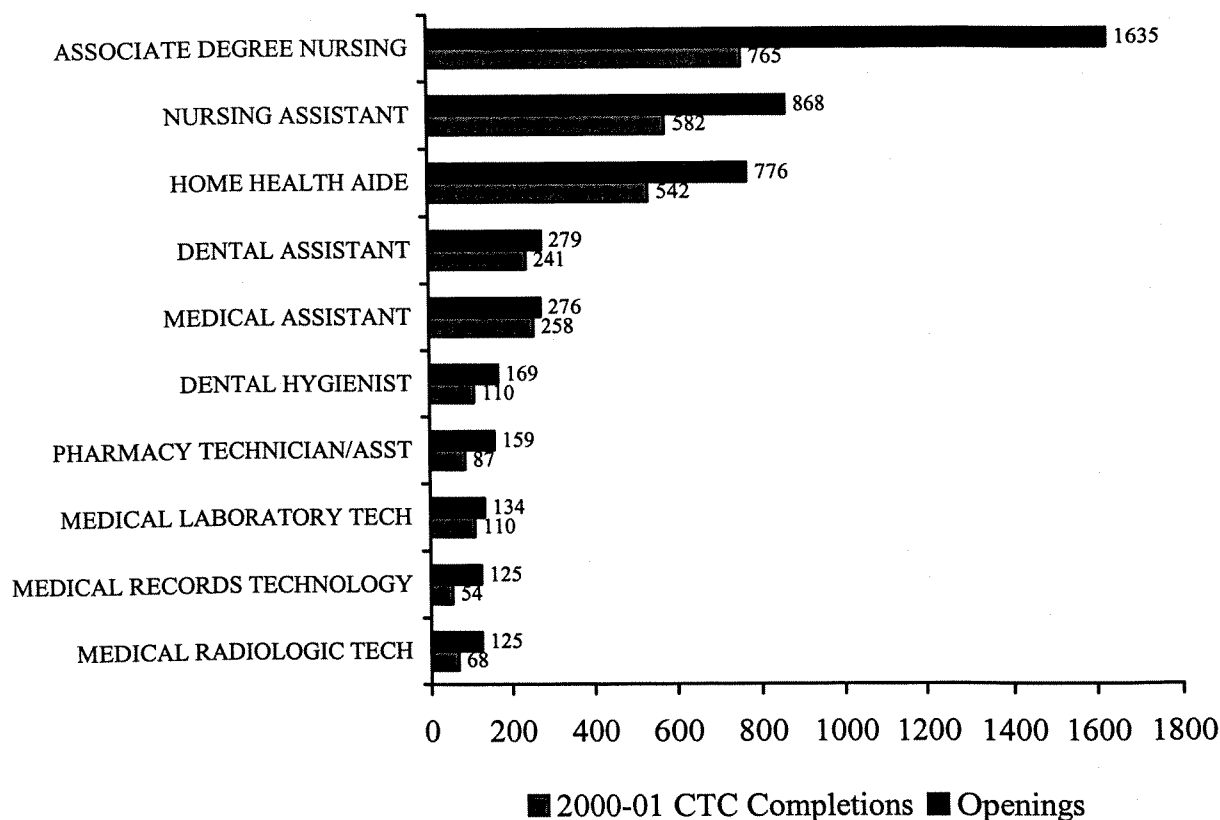
Additional resources are needed

Health care programs are among the most expensive programs delivered by community and technical colleges. Program licensing and accrediting requirements call for low student-faculty ratios, specialized equipment, and faculty with master's degrees in nursing or other appropriate fields, requirements that drive up the cost of instruction. Nursing programs, for example, operate with an average of 11 students per faculty member, compared to the average of 23 students per faculty member for all college programs (see chart below).

Colleges have limited resources to expand or start new high-cost programs. At current average funding levels, colleges can continue to operate low- or medium-cost programs, but cannot ramp up high-cost programs such as nursing.



Job openings exceed supply of skilled workers



Sources: SBCTC Data Warehouse; Employment Security Department, LMEA, OES Forecast

Note: These occupations are a subset of the demand described by the Washington State Hospital Association.

Until last year, enrollments in two-year college health care programs were either flat or declining. The high cost of operating these programs has been suppressing the colleges' ability to grow. However, a number of efforts to expand these programs were initiated last year. As a result, enrollments in allied health programs have begun to increase. Nursing enrollments, for example, increased 12 percent in 2001-02 over the previous year, from 1,681 full-time equivalent students to 1,845 FTES.

Student demand for seats in these programs is growing along with employers' demand for health care workers. In a spring 2002 survey, 26 out of 34 colleges reported large waiting lists for these programs throughout the state.

The State Board is already using its limited resources to support colleges' efforts to address health care training shortages. Several years ago, the State Board created a pool of one-time grant funds to pay the start-up costs for high-demand programs. This year, \$2.1 million was awarded to colleges for health care program start-ups or expansions. This was a little over half

ADDRESSING THE CRITICAL SHORTAGE OF HEALTH CARE WORKERS

Strategic Plan Goal: Workforce education and training for the 21st century

Workforce education, training and retraining programs at community and technical colleges will help students learn the full range of basic, pre-college, technical and academic skills they need to get high-wage jobs and adapt to future career requirements in Washington's changing economy.

A critical shortage of health care workers is seriously jeopardizing the availability and quality of health care for the people of Washington and undermining the economic vitality of one of the largest industries in the state. The health care sector, which provided almost \$6 billion in wages alone in Washington in 1999, is one of the state's major employers and a significant contributor to the state's economy.

Severe health care workforce shortages, which are found across the nation as well as in our state, are expected to worsen in the years ahead, largely due to demographics. The state population is aging and will require more health care services, and a large proportion of current health care workers will retire.

In Washington State, some 6,000 health care job openings are projected every year between 2002 and 2008. According to the Washington State Hospital Association report, "Who Will Care for You?" among the most critical shortages are nurses, dental hygienists, medical imaging technologists, medical lab technicians, and medical records technicians.

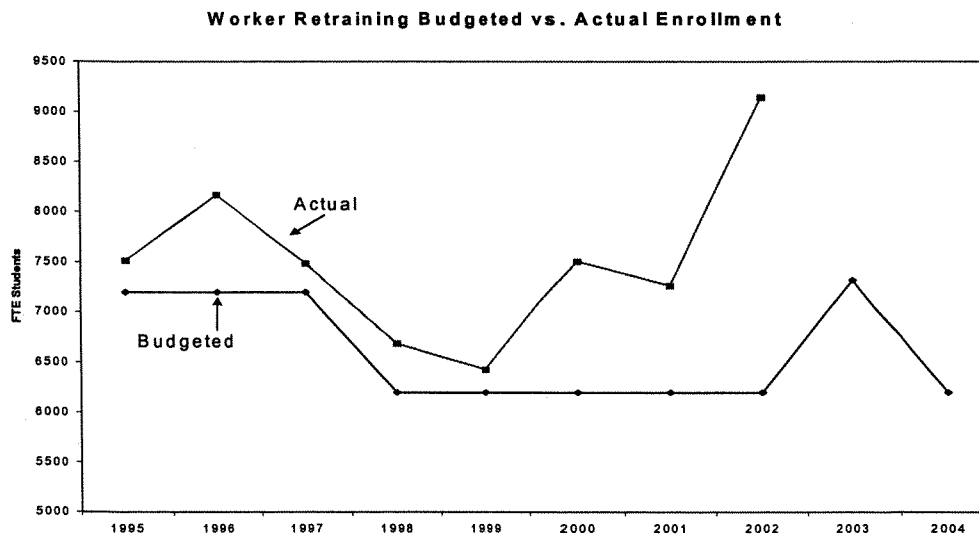
Community and technical colleges are a major training provider for the health care industry, especially for those key shortages identified by the hospital association, but the colleges are currently unable to prepare enough graduates to meet the growing demand. An analysis of the number of college graduates and labor market demand shows that the number of completions for most health occupations is not keeping pace with average annual openings projections by Employment Security. (See chart below.) Recent surveys conducted by regional Workforce Development Councils also confirm that health care employers are experiencing serious difficulty in recruiting skilled workers.

With the rapid growth in the state's population of color, bilingual and bicultural health care workers are increasingly needed. According to a recent report by the State Board of Health on health disparities, "Washington state has a critical shortage of people of color in the health professions. The state's racial and ethnic minority groups are grossly under represented in our health care workforce and underserved by our health-care system."

Budget Request

This request permanently expands the Worker Retraining Program by 1,320 FTE per year funded at \$5,410 per FTE. The per FTE funding request is based on two components: support for enrollment at \$4,110, plus \$1,300 for training completion aid, the current aid funding level in the Worker Retraining Program.

	General Fund State (GFS) (001-1)	Operating Fees (149-6)	Total	FTE
FY 2003-04	\$ 7,141,000	\$ 1,621,000	\$ 8,762,000	44.6
FY 2004-05	<u>\$ 7,141,000</u>	<u>\$ 1,621,000</u>	<u>\$ 8,762,000</u>	<u>44.6</u>
Total Request	\$ 14,282,000	\$ 3,242,000	\$ 17,524,000	44.6



Demand for the Worker Retraining Program

Demand for the program is estimated by comparing the number of dislocated workers who would be expected to enter worker retraining programs to current funded program capacity.

Fiscal Year 2002	Number of workers
Number of unemployed workers in Washington	211,000
Number of "dislocated" workers (unemployed workers unlikely to return to work in their previous occupations)	105,500
Number of dislocated workers likely to seek training	34,815
Demand for worker retraining program	24,200
Worker retraining program FY 2002 funded capacity (headcount)	10,635

Source: Federal and Employment Security Dept. data

In 2001-02, colleges served 3,000 more full-time equivalent students than were funded in the state budget. However, even with these expanded service levels, colleges were not able to meet all of the demand for the worker retraining program.

Federal funds do not fund enrollment slots

Because Washington's unemployment was the second highest in the country in fiscal year 2002, the federal funding formula increased the amount of federal dollars coming to Washington state via the Workforce Investment Act. These federal dollars are generally designated for job search as well as the employment and training expenses of dislocated workers, and pay only the student's cost for tuition and books, not the colleges' cost to provide instruction. The consequence is that additional federal dollars may generate additional demand for community and technical college programs by helping dislocated workers pay tuition, but they do not provide instructional support funding to the colleges to increase capacity.

WORKER RETRAINING

Strategic Goal: Workforce Education and Training for the 21st Century

Workforce education, training and retraining programs at colleges will help students learn the full range of technical and academic skills they need to get high-wage jobs and adapt to future career requirements in Washington's changing economy.

In response to economic restructuring in the information technology industry and the impacts of the events of September 11 on Washington employment levels, the Legislature increased support for the state's Worker Retraining Program on a one-time basis by funding an additional 1,320 enrollment slots for FY 2003.

Leading up to this legislative action, college enrollments in this program had been growing substantially, with 2001 enrollments in this program exceeding state-funded capacity by over 2,000 FTES. In addition, there were waiting lists for entry in the program in geographic regions hardest hit by the economic downturn.

Enrollment pressure has grown beyond the level of the temporary relief provided by the Legislature. The 2001-02 academic year ended with colleges serving more than 3,000 FTES beyond the level funded by the state.

Worker Retraining Program Background

In response to dramatic changes in the structure of Washington's economy, the layoffs of thousands of workers in major industries, and the long-term need for training programs for Washington citizens, the Legislature enacted the Workforce Employment and Training Act in 1993. As a result of this legislation, colleges created Worker Retraining programs that have served over 59,000 unemployed and dislocated workers in Washington since the program's inception. This law has significantly expanded the training available to the thousands of jobless workers who need to change careers to re-enter the workforce.

In addition to supporting instruction costs for worker retraining students, the program provides training completion aid funds to students to help pay for tuition, books, fees, transportation, childcare, and other costs.

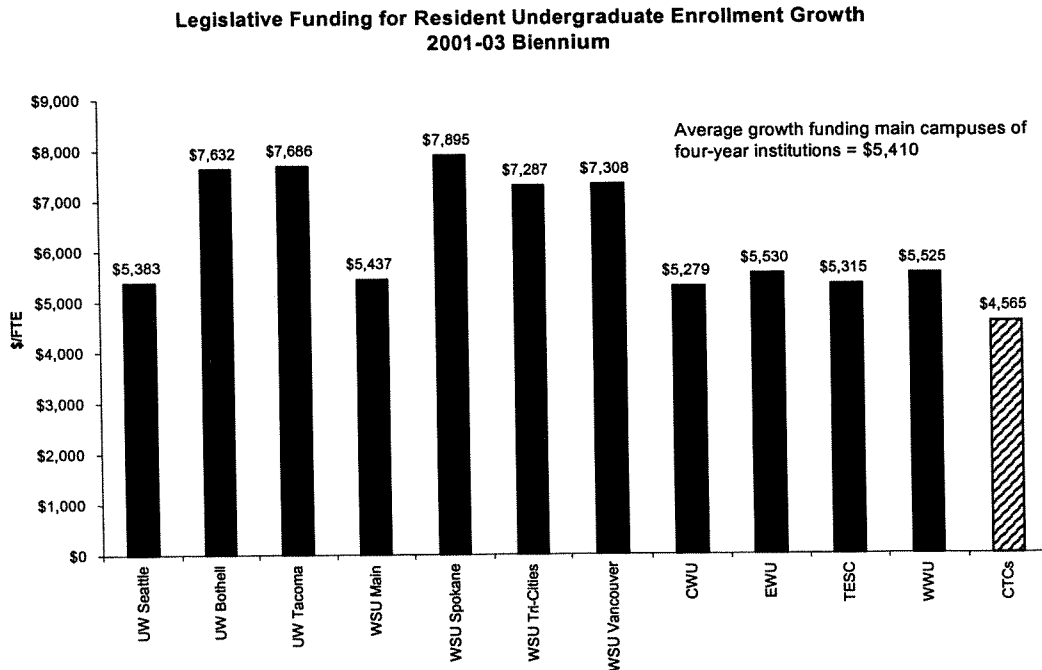
The program was initially funded to serve 7,200 FTES. In 1998, when the Legislature moved program funding from the unemployment insurance fund to the general fund, overall program funding was reduced to a level sufficient to support 6,200 FTES. The 2002 Legislature made a one-time appropriation to serve an additional 1,320 FTES, bringing the FY 2003 budgeted level up to 7,520 FTES for one year only. However, program enrollments have exceeded allocations by considerable levels in the past few years (see chart below).

Community and Technical Colleges
Draft 2003-05 Enrollment Plan

College District	*FY 2003 Budgeted Enrollment	Year One Growth	Biennial Growth	Percentage Increase over 2003
Bates	3,973	35	70	1.8%
Bellevue	6,268	165	330	5.3%
Bellingham	1,471	30	60	4.1%
Big Bend	1,461	45	90	6.2%
Cascadia	1,026	145	290	28.3%
Centralia	1,893	45	90	4.8%
Clark	5,796	195	390	6.7%
Clover Park	3,691	40	80	2.2%
Columbia Basin	4,126	90	180	4.4%
Edmonds	4,422	145	290	6.6%
Everett	4,240	145	290	6.8%
Grays Harbor	1,486	20	40	2.7%
Green River	4,858	80	160	3.3%
Highline	5,404	80	160	3.0%
Lake Washington	2,493	70	140	5.6%
Lower Columbia	2,251	45	90	4.0%
Olympic	4,186	50	100	2.4%
Peninsula	1,375	30	60	4.4%
Pierce	4,886	95	190	3.9%
Renton	3,126	60	120	3.8%
Seattle District	13,089	120	240	1.8%
Shoreline	4,977	50	100	2.0%
Skagit Valley	3,345	70	140	4.2%
South Puget Sound	3,136	95	190	6.1%
Spokane	12,465	150	300	2.4%
Tacoma	3,893	55	110	2.8%
Walla Walla	2,491	50	100	4.0%
Wenatchee	2,138	50	100	4.7%
Whatcom	1,993	90	180	9.0%
Yakima Valley	3,463	60	120	3.5%
System Total	119,422	2,400	4,800	4.0%
Apprentice Pool:			200	
Total Enrollment Request			5,000	

**Does not include FY 2003 Worker Retraining or Apprentice enrollments*

rate provided by the Legislature to the state's public baccalaureate institutions (main campuses) in the 2001-03 biennium.



Higher funding levels for new enrollments provide much-needed resources for the two-year colleges to respond to lower division academic transfer pressures and to high-cost workforce training that supports the state's economy by providing highly skilled workers.

With improved funding, colleges can have more full-time faculty members. Two-year colleges have a strong record of adjusting curriculum quickly in response to changing economic needs in the state, and full-time faculty are a critical resource in keeping curriculum current and relevant.

The community and technical college system has benefited greatly by recent legislative action to address its low funding levels, and requests that the Legislature continue to address this critical, fundamental funding issue.

Summary of New Enrollment Budget Request

The SBCTC requests 5,000 new enrollments for the 2003-05 biennium – 2,500 new enrollments in each fiscal year of the biennium – funded at \$5,410 each.

	General Fund State GFS (001-1)	Operating Fees (149-6)	Total	FTE
FY 2003-04	\$ 13,525,000	\$ 3,070,000	\$ 16,595,000	238.0
FY 2003-05	\$ 27,050,000	\$ 6,140,000	\$ 33,190,000	477.8
Total Request	\$ 40,575,000	\$ 9,210,000	\$ 49,785,000	358.4

To address some segments of the skills gap, 200 student FTES of this biennial request are set aside specifically for apprentice training. Current shortages and higher than usual retirements result in the need for more apprentice training in the skilled trades.

Enrollment Allocation to Colleges

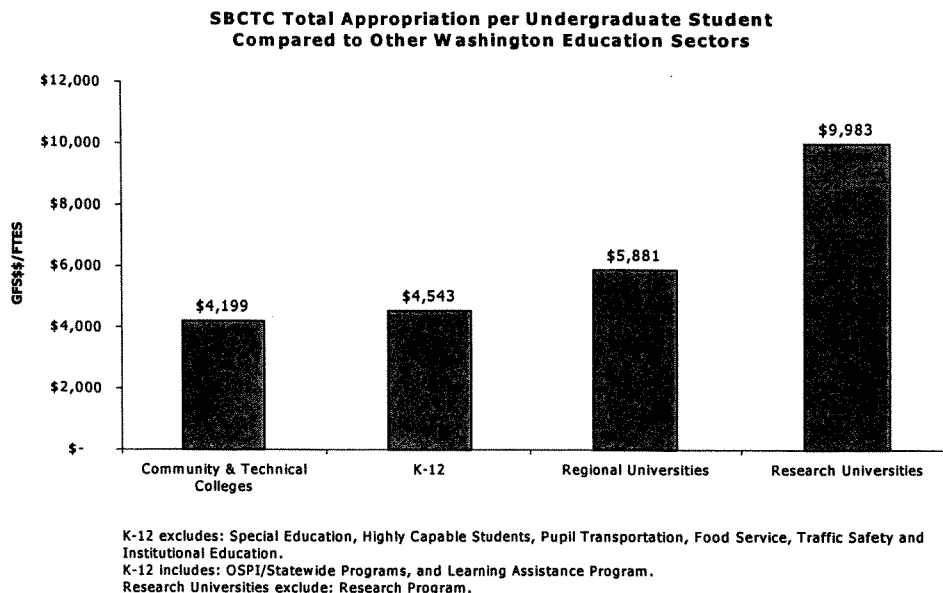
Enrollment growth, when funded by the Legislature, will be differentially allocated to colleges based on demographic and economic needs in local communities. This proposal continues the long-standing State Board policy to target the most enrollment growth to communities where enrollment demand is the greatest.

In addition to projected population growth patterns, several other factors have been taken into consideration in the allocation of enrollment growth around the state, including enrollments of young adults and people of color. The allocation of enrollments also provides growth enrollments to colleges whose current budgeted enrollments have fallen behind average service levels statewide.

Planned individual college growth rates range from 1.8 to 28.3 percent; the system average is 4 percent. The distribution of the requested FTES to each college district is attached.

New Enrollment Funding Level

Based upon budgeted state dollars per FTE student, Washington's two-year colleges are funded well below the state's universities and K-12 system.

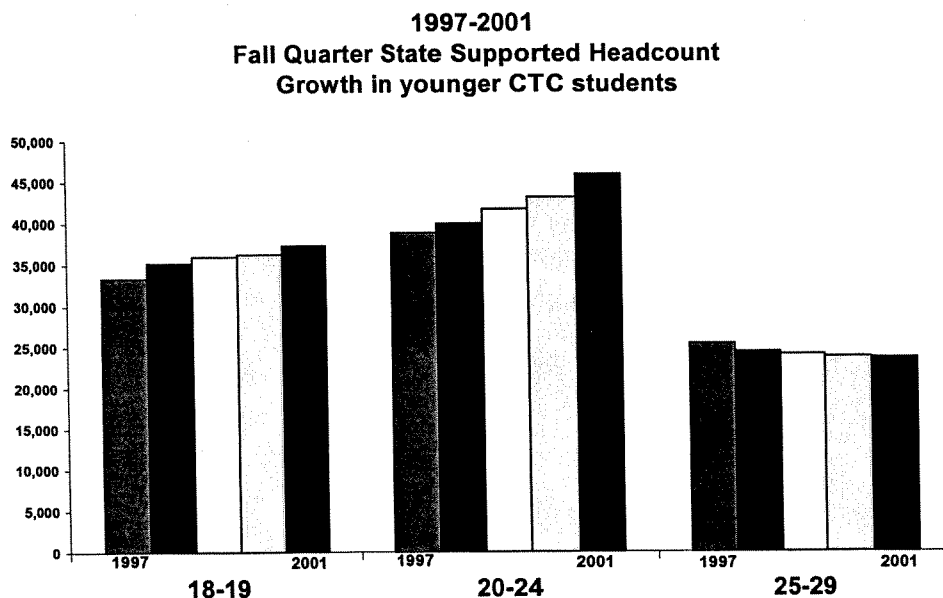


The Legislature has acknowledged the two-year colleges' inadequate funding base and has begun to address this issue in the past two biennial operating budgets. In each of the most recent biennial budgets, the Legislature provided enhanced funding for growth enrollments at two-year colleges. This request for new enrollment seeks continued, enhanced state support at a per FTE rate of \$5,410. This funding level represents the average resident undergraduate growth funding

Additional enrollments are needed if the colleges are to maintain current levels of service to the population and to expand access to meet demands for academic transfer, workforce training, and basic skills education.

Changing CTC Enrollment Patterns – More Younger Students, More Diversity

The arrival of the baby boom echo has begun to affect enrollment patterns at the community and technical colleges. Many colleges report an increase in the number of younger students. The growth in enrollments by younger students mirrors the pattern of population growth in Washington.



Younger students tend to enroll during the day, to take full-time credit loads, and to enroll for the purpose of academic transfer.

The two-year colleges have also experienced a growth in the diversity of their student population. Since 1997, enrollments of people of color have increased from 25 percent of total enrollment to 30 percent in 2002. The two-year colleges' enrollments are more diverse than the state population in general (an estimated 21 percent people of color).

The Economy – Training the Workforce

Community and technical colleges are the primary job trainers in the state. The Workforce Training and Education Coordinating Board (WTECB) identifies the need for more post secondary job training by the community and technical colleges to close the "skills gap" between employer job requirements and skill levels in Washington's employment pool. It finds more enrollments are necessary to fill the gap between the economy's need for trained workers and colleges' current production of those workers. Demographic and programmatic changes alone are not sufficient to close the skills gap. While a relatively small portion (10 percent to 15 percent) of the gap can be met with contract and self-support programs, closing the majority of the skills gap is dependent on state funding.

ENROLLMENT GROWTH

Strategic Plan Goal: Access to Affordable Higher Education

Colleges recognize the need for lifelong learning and will continue to offer every adult Washington resident the opportunity to receive an affordable, high-quality basic skills and college education.

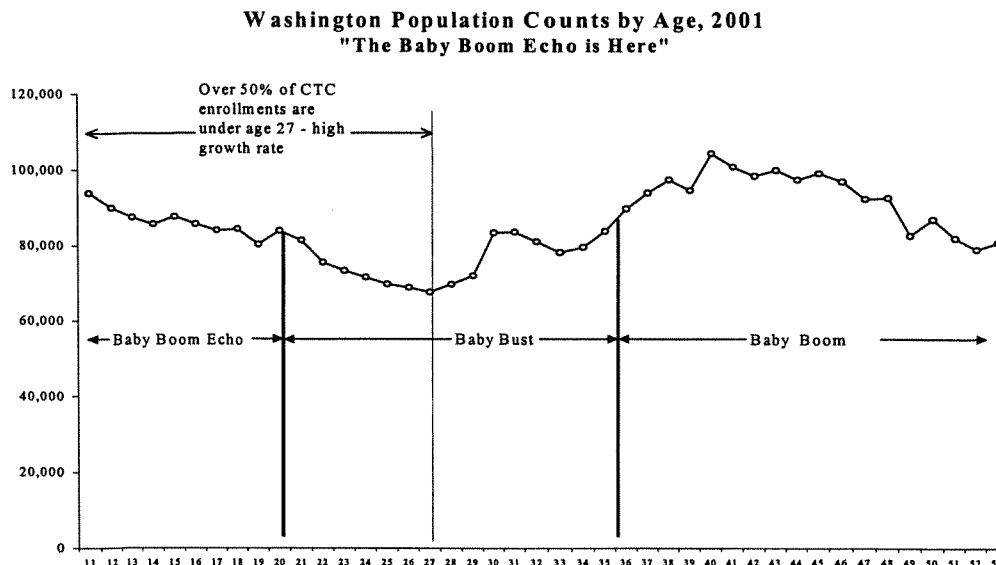
The community and technical colleges serve the people of the state of Washington with affordable, relevant, quality educational opportunity. Last year, the two-year colleges served almost half a million people, 340,000 of whom were supported by state funding. Those 340,000 enrollees equate to 133,000 state-supported full-time equivalent students (FTES) over a broad range of ages.

Demand for access to the two-year colleges has grown consistently, with full-time equivalent students increasing by over 15,000, or 13 percent, in the last five years. To continue to meet enrollment demand, the community and technical colleges are requesting an additional 5,000 full-time equivalent students – 2,500 each year - for the 2003-05 biennium. This represents a 4 percent increase over the current state-funded general enrollment level of 119,672.

This request for new enrollments is based upon projected population growth (OFM Forecast), and analyses by the Higher Education Coordinating Board and the Workforce Training and Education Coordinating Board identifying necessary growth in two-year college enrollments to keep pace with population growth and to meet the state's need for a skilled workforce.

Demographics – Keeping Up with Population Growth

While the two-year colleges serve a broad range of adults by age, over half of state-supported enrollment is under the age of 27. These younger adults of the “baby boom echo” are a fast-growing age group.



- An ABE student, able to write simple sentences and provide basic information on forms at the start of classes, is now able to write in paragraphs as part of short reports or informal memos.
- An ESL student, who at the start has the ability to recognize simple English words, is now able to read and understand English information on everyday topics to meet basic needs.
- A GED student, who lacks a high school diploma, passes the GED math test, progressing toward GED attainment.

The college system is committed to increasing the percentage of basic skills students who make these types of gains.

Target and Timeline: The system target for improvement in 2001-03 is to move from 41 percent demonstrating skill gain to 48 percent. This gain is consistent with the goal set in the State Plan for Basic Skills (a plan required for the state's federal adult basic skills grant).

The basic skills gains being measured are both substantive and rigorous. Achieving the long-term basic skills goal is the most challenging of the three performance goals. ESL is the most difficult area, as students require more hours of instruction to make gains than either ABE or GED students. As the college system focuses on improvement, it is also working to develop and implement a new assessment system by July 2003. In the interim, the college system is paying close attention to rate trends, expecting that the new assessments may change the baseline.

A key approach to achieving improved performance is increasing the intensity of instruction. National research and Washington state data show that skill gain typically requires more than 100 hours of instruction. In 1998-99, the basic skills students who made gains had participated an average of 128 hours during the year. But the typical basic skills student enrolled for fewer hours – just 96 hours on average. Increased intensity of instruction will require increased resources for basic skills instruction or more intensive services for a reduced number of individuals.

This goal will be met by providing instruction and tutoring in the context of students' jobs, families and communities. In addition, the number of full-time faculty instructing in this area will be increased; most instruction in basic skills is now delivered by part-time faculty.

Further information about community and technical college performance reporting and individual colleges' performance strategies is available on the SBCTC web site at:

http://www.sbctc.ctc.edu/data/miscripts/accountability_99.pdf

Achieving this goal is especially challenging given the state's current demographic and economic situation. The number of people in the state's population of the age most likely to train for mid-level jobs (25 to 34 years of age) is smaller today than in the past and will remain so for several more years. Colleges must reach students outside the traditional age groups or encourage larger percentages of the traditional age group to enroll. Retraining dislocated workers is another means to closing the skills gap.

Target and Timeline: The system target for improvement in 2001-03 is to increase from 16,200 to 18,000 students prepared for work by the end of the biennium. This workforce target is the same substantial growth rate set for the previous biennium – 11 percent.

To achieve the goal, colleges must help students prepare for work in numbers considerably above the level that would be expected due to population growth alone. This growth goal will be met by:

- Targeting new funds for high-demand programs such as health care, information technology, agriculture and food processing.
- Outreach efforts to the growing population of younger students to encourage them to enter professional/technical training.
- Increases in evening and weekend offerings to make classes more accessible to working people and identifying points within the curriculum where students can leave to enter employment immediately.
- Offering professional development opportunities to enable current faculty members to update skills.

Transfer Goal: Academic students prepared to transfer to baccalaureate institutions based on minimum required grade point average. Long-term legislative target: 50,000 students prepared to transfer per year.

Target and Timeline: The system target for improvement in 2001-03 is an increase of 3,250 transfer-ready students (from 38,000 to 41,250). This is a significant commitment for a faster rate of growth than was set for the previous biennium – 8.6 percent growth target for 2001-03 compared to a 7.5 percent increase in 1999-2001.

More than 40 percent of all bachelor's degree recipients in Washington started at a community or technical college. As the number of high school graduates grows, that role in bachelor's degree attainment can only be maintained if there is an increase in the number of students prepared to transfer. This goal will be met by:

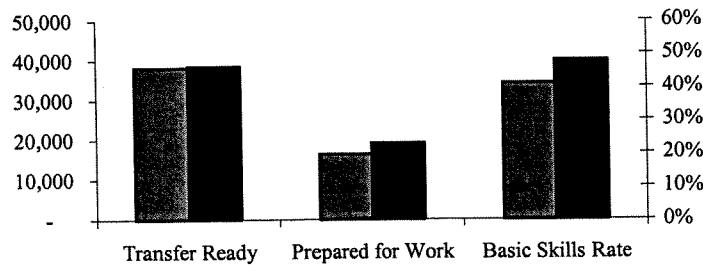
- Creation of new transfer degrees, such as the Associate of Science degree.
- Creation of or increased support for transfer centers and technology that support transfer advising.
- Increases in tutoring hours for math and English classes taken by transfer students.
- Creation of or increased support for first year student programs.

Basic Skills Goal: Basic skills students who demonstrate substantive skill gain as a result of their adult basic education (ABE) or English as a second language (ESL) instruction. Long-term legislative target: 80 percent demonstrate substantive skill gain (basic skills rate). Examples of skills gain:

The board shall set biennial performance targets for each college or district, where appropriate, and shall review actual achievements annually. Colleges shall track their actual performance on the statewide measures.

The State Board worked with the colleges to set biennium targets for the college system and for each college district, and monitored district progress towards those targets. By the end of the 1999-2001 biennium the college system had exceeded its targets in all three areas.

2001 Performance Targets and Outcomes



	2001 Target	2001 Result
Prepared for Work	16,200	19,130
Transfer Ready	38,000	38,534
Basic Skills Rate	41%	48%

Performance Reporting Commitment

Washington's community and technical colleges are committed to continuous improvement of performance related to eliminating the skilled worker shortage, playing a key role in the preparation for bachelor's degrees, and helping those in need of literacy and English as a second language to gain those skills. Consistent with that commitment, the State Board and the colleges established new, higher targets to be achieved by the end of the current biennium. District progress toward targets is being monitored annually. During the 2002-03 year, colleges will work with the State Board to develop new targets for the 2003-05 biennium.

Meeting these performance targets is a significant challenge, but colleges are committed to achieving these goals.

Workforce Goal: Students prepared for work as measured by vocational degrees and related certificates awarded, including achievement of industry skill standards. Long-term legislative target: 25,000 students prepared for work per year. The aim of this goal is to eliminate the skilled worker shortage.

Data from employer surveys and focus group interviews plus analysis of the state's labor demand data consistently demonstrate a substantial gap between the number of workers prepared for mid-level jobs and the number needed. For example, firms would hire additional nurses, medical technicians, web designers, computer network technicians, and paraprofessional teachers.

Accountability and Performance

Accountability Activities: Colleges have been engaged in documenting results for a number of years with increasing depth and sophistication as they have gained experience and understanding about their performance. The SBCTC evaluates student progress/retention, placement and wages, transfer counts, students of color progress and success, Worker Retraining outcomes, distance learning, and WorkFirst outcomes. The colleges cooperate with the Workforce Training and Education Coordinating Board to support its research on the outcomes for students in job preparatory and basic skills programs and satisfaction of employers. The results of this third party research can be viewed on line at <http://www.wa.gov/wtb>.

SBCTC staff combine data from all of these sources in a summary accountability report, *Meeting Students' Goals and Public Expectations*. Copies of accountability reports are available on line at: http://www.sbctc.ctc.edu/data/miscrpts/accountability_99.pdf. The 2002 report is slated for publication later this year.

Accreditation also serves as an accountability mechanism. The Northwest Association for Schools and Colleges is the accrediting agency for Washington community and technical colleges. To be accredited, colleges must undergo a regular comprehensive self-study that evaluates each program for quality and outcomes. A college must demonstrate that "it is accomplishing its mission and goals and uses the results for broad-based, continuous planning and evaluation." Further, the accreditation process includes an assessment of the use of accountability data "to influence resource allocation and to improve its instructional programs, institutional services, and activities."

Performance Reporting Legislative Requirement

In the 1999 budget act, the Legislature required that:

The State Board for Community and Technical Colleges shall develop a biennial plan to achieve measurable and specific improvements each academic year as part of a continuing effort to make meaningful and substantial progress to achieve the following long-term performance goals:

- *Academic students prepared to transfer to baccalaureate institutions based on minimum required grade point average. Long-term legislative target: 50,000 students prepared to transfer per year.*
- *Basic skills students who demonstrate substantive skill gain as a result of their adult basic education (ABE) and English as a Second Language (ESL) instruction. Long-term legislative target: 80 percent demonstrate substantive skill gain.*
- *Students prepared for work as measured by vocational degrees and related certificates awarded, including achievement of industry skill standards. Long-term legislative target: 25,000 prepared for work per year.*

For many, community and technical colleges represent the only avenue for reaching their educational goals.

System Goals

The Washington State Board for Community and Technical Colleges has collaborated with the system's leadership - including trustees, presidents and faculty unions - in the development of seven goals that reflect the system's vision and values. These goals have been reviewed with constituencies including business and labor to verify that they coincide with external expectations.

The seven system goals are:

Goal: Access to affordable higher education

Community and technical colleges recognize the need for lifelong learning and will continue to offer every adult Washington resident the opportunity to receive an affordable, high-quality basic skills and college education.

Goal: Workforce education and training for the 21st century

Workforce education, training and retraining programs at community and technical colleges will help students learn the full range of basic, pre-college, technical and academic skills they need to get high-wage jobs and adapt to future career requirements in Washington's changing economy.

Goal: Increase basic skills

Two-year colleges will provide basic skills programs including English-as-a-Second Language (ESL) to prepare students to participate successfully in the economy as citizens and parents.

Goal: Provide quality academic transfer programs

Academic transfer programs at community colleges are an important first step for many students who intend to pursue a baccalaureate education. The availability of high quality courses that readily transfer to the four-year institutions in Washington will continue to be an important mission, particularly in an era where a new wave of younger college-age students will be enrolling in higher education.

Goal: Diversity of students and programs

Community and technical college programs will serve as the key point of entry into higher education for tens of thousands of people of color and new immigrants to Washington State.

Goal: Student achievement

Student achievement is a key goal of the two-year college system. The colleges will ensure that every student has the opportunity to achieve his or her learning goals.

Goal: A first-class faculty and staff

Colleges will employ skilled, well-trained faculty and staff. The colleges will provide fair compensation and working conditions for both full- and part-time instructors, whose contributions are critical to the quality and breadth of the colleges' educational programs.

STRATEGIC PLAN AND PERFORMANCE REPORTING

2010: Preparing for the Future

Vision and Goals of Washington's Community and Technical Colleges

Vision Statement

Washington's community and technical colleges will be widely recognized as excellent and accountable educational institutions, responsive to the educational and economic needs of their communities. Local recognition of each college's value will be translated into statewide recognition of the value of the system to the entire state.

Mission of Community and Technical Colleges

The primary mission of Washington's community and technical college system is to provide access to higher education for every citizen who might benefit. The Community and Technical College Act calls for an "open door" of access to higher education regardless of economic status or prior academic experience. But it's not just access that is important, it's access to quality programs that lead to something: a family-wage job, a baccalaureate institution, or the ability to function fully in today's complex society. To fulfill this mission, the two-year colleges provide job training, academic transfer, and basic skills instruction to nearly 500,000 students each year at 34 college campuses and more than 500 off-campus sites.

The Community and Technical College Act (RCW 28B.50) identifies the key components of the two-year college mission:

- (1) provide access to learning necessary for full participation in the economy and in society to every citizen, at a cost within the student's financial means;
- (2) support business, industry, government and other employers within the community with education programs related to their needs;
- (3) provide administration necessary to ensure education program responsiveness to individual and community needs, while maintaining efficiency in operation; and
- (4) encourage improvement, flexibility, and modification of the community and technical colleges as future needs occur.

The community and technical colleges provide an educational service that is unique in higher education. Two-year colleges are the primary point of access to higher education for many traditional students (18 - to 22 - year-olds who are seeking a baccalaureate education but are starting at a two-year college) and students who have a variety of needs – individuals who are returning to school primarily for job training skills, immigrants who need to learn English and acquire job skills, or welfare recipients who need basic skills and vocational skills to obtain a job. The typical student is female and 27 years old; a majority attend full-time; more than half work either part- or full-time; 33 percent are parents; and 34 percent qualify for financial aid.

**State Board for Community
and Technical Colleges**

Budget Request

Analysis Summary of the Employment Security Department (ESD) Workforce-Related Budget Request

ESD is submitting a budget request for a pilot project to test assumptions about sorting customers into labor market categories and redesigning services to promote more effective career development. This proposal is consistent with the state strategic plan for workforce development and the budget review criteria and meets the criteria as a priority for Board advocacy during the upcoming legislative session.

Analysis of Budget Request:

Low-Income Adults Enhanced Employment: ESD is proposing pilot projects in 4-5 selected offices to improve labor market outcomes for customers. Their “enhanced employment” initiative also includes system-wide improvements in technology, but this analysis is limited to a review of the pilot projects. Under the initiative, pilot offices would be selected based on the local supply of low-income workers and the local demand for those workers from industries and employers likely to provide stable employment and increasing wages. The pilot would serve 6,000 job seekers with group intensive re-employment services with a focus on redesigning sorting, services (including training direction), and career information. Pilots would be subject to a performance evaluation of job placement rates, employment stability, and job quality.

ESD is proposing to allocate \$6,496,384 for FY 2004 and FY 2005 in federal Reed Act funds to the Low-Income Adults Enhanced Employment Initiative. Twenty FTE counselors and five program support and LMEA staff are included in the plan.

In Goal 3 of the state *Strategic Plan For Workforce Development*, Strategy 3.2.1 calls for developing a more effective labor exchange to help individuals get jobs with the greatest potential for wage progression.

Recommendation

It is recommended that the Workforce Board endorse the Low-Income Adults Enhanced Employment Initiative budget request as being consistent with its review criteria and as a priority for Board advocacy in that it specifically implements a strategy set forth in the state *Strategic Plan for Workforce Development*.

Recommendations

It is recommended that the Workforce Board endorse each of the following SBCTC budget requests as being consistent with its review criteria and as priorities for Board advocacy in that they specifically implement goals, objectives, and strategies set forth in state *Strategic Plan for Workforce Development*:

- *New Enrollment*: A \$40,575,000 increase for 5,000 new enrollments.
- *Worker Retraining Program*: \$14,282,000 for a continued expansion of the Worker Retraining Program by 1,320 FTEs per year.
- *Health Care Training and Capacity*: A \$6 million increase for a pool of 400 student FTEs that will expand capacity by 10 percent.
- *Regional Economic Development*: A \$14,625,000 increase for 1,500 economic development student FTES to offer high cost workforce programs and to support more intensive skills training combining basic skills and occupational training.

conducted by regional Workforce Development Councils also confirm that health care employers are experiencing serious difficulty in recruiting skilled workers. Student demand for seats in these programs is growing along with employers' demand for health care workers. In a spring 2002 survey, 26 out of 34 colleges reported large waiting lists for these programs throughout the state. The colleges' ability to expand these programs is limited because health care programs are among the most expensive programs delivered by community and technical colleges.

SBCTC is requesting \$6 million in general fund state monies for a pool of 400 student FTES – 200 new enrollments each biennium – at a funding rate of \$10,000 per FTE. It is anticipated that these FTEs will expand capacity by 10 percent.

In Goal 1 of the state *Strategic Plan for Workforce Development*, Strategy 1.4.1 calls for developing new programs and increasing student enrollments in workforce training especially in high demand clusters such as health care.

Regional Economic Development: To help Washington State be more competitive and prosperous in today's global economy, SBCTC has adopted four strategies:

1. Identify key industries and occupations in each region of the state.
2. Build regional partnerships among colleges, business, labor, and workforce councils to close skills gaps in those industries and occupations.
3. Provide well-funded college enrollments to each region of the state targeted to those key industries, critical occupations and target populations.
4. Adopt best practices that increase the effectiveness and responsiveness of workforce and basic skills education.

To meet the economic needs of Washington employers also requires more intensive skills training that combines occupational training with English as a second language and basic skills. The Workforce Board's net impact study finds that basic skills instruction by itself usually does little to improve participants employment and earnings. However, when individuals receive both basic skills instruction and occupational training in the same year then there are usually strong positive impacts on employment and training. Providing basic skills and workforce training simultaneously is a solution, but this is expensive and current college funding levels are not sufficient to support such a program model.

SBCTC is requesting \$14,625,000 in general fund state monies for 1,500 economic development FTES – 750 new FTES in each fiscal year of the biennium – funded at a level of \$6,500 per FTE in order to offer high cost workforce programs and to support more intensive skills training that combines workforce training with ESL and basic skills training. SBCTC would allocate these FTEs to regional consortia of colleges for closing the skills gap for specific industries in each region of the state.

In Goal 1 of the state *Strategic Plan for Workforce Development*, Strategy 1.1.1 calls for forming industry skill panels... [to] develop training programs. In Goal 3, Strategy 3.4.3 calls for increasing basic skills instruction in the workplace and integrating it into occupational skills training.

<i>Annual FTE increases required to close the gap under different assumptions</i>		
Percent of Gap Closed by 2009-10	Extent of Efficiency Gain (percent reduction in FTE/Worker ratio)	
	No Gain	10 Percent Gain
100%	2,700	2,000
75%	1,900	1,400
50%	1,200	700

As suggested by the table, an increase of 2,250 workforce education FTEs per year would put the state on track to close the skills gap by the end of the decade.

Worker Retraining Program: The Worker Retraining Program was established in 1993 to provide funding for enrollments and financial aid to dislocated workers in Washington State. The program pays tuition, books, fees, and related support services for individuals enrolled in professional-technical training programs who have lost their job due to economic changes or are receiving unemployment. The program initially was funded from the Employment and Training Trust Fund to serve 7,200 FTEs. In 1998, funding was reduced to a level of 6,200 FTEs and funding for the program was transferred to the General Fund. Five hundred fifty students in private career schools are served within these numbers as well. The 2002 Legislature made a one-time appropriation to serve an additional 1,320 FTEs. Enrollment pressure in the Worker Retraining Program has grown beyond the level of the temporary relief provided by the 2002 Legislature. The 2001-02 academic year ended with colleges serving more than 3,000 FTES beyond the level funded by the state. Even with these expanded service levels, colleges were not able to meet all the estimated demand (over 13,000 above funded capacity) for the program.

SBCTC is requesting an extension of last year's enhancement—1,320 FTEs—during both years of the next biennium. SBCTC is seeking \$14,282,000 in general fund state monies at the current rate of \$5,410 per FTE.

Existing SBCTC guidelines for awarding Worker Retraining monies, developed by the Customer Advisory Committee, state that funding will be consistent with the state and local workforce development plans. In Goal 2 of the state *Strategic Plan for Workforce Development*, Strategy 2.3.3 calls for providing retraining for unemployed workers in high demand fields.

Health Care Training and Capacity: Severe health care workforce shortages, which are found across the nation as well as in our state, are expected to worsen in the years ahead. The state population is aging and will require more health care services, and a large proportion of current health care workers will retire. In Washington, some 6,000 health care job openings are projected every year between 2002 and 2008. The most critical shortages are nurses, dental hygienists, medical imaging technologists, medical lab technicians, and medical records technicians. Community and technical colleges are a major training provider for these key shortages. However, the colleges are currently unable to prepare enough graduates to meet the growing demand. An analysis of the number of college graduates and labor market demand shows that the number of completions for most health occupations is not keeping pace with average annual openings projections by the Employment Security Department. Recent surveys

WTECB Staff Analysis – Agency Budget Requests for the 2003 Legislative Session

Washington State Board for Community and Technical Colleges

Analysis Summary of SBCTC Workforce-Related Budget Requests

SBCTC is submitting budget requests for new enrollments, permanent expansion of the Worker Retraining Program, targeted funding to address health care training capacity issues, and additional FTEs for closing the skills gap for specific industries in each region of the state. These initiatives are consistent with the state strategic plan for workforce development and the budget review criteria and meets the criteria as a priority for Board advocacy during the upcoming legislative session.

Analysis of Individual Requests:

New Enrollments: Community and technical colleges are the primary job trainers in the state. Developing the skill levels in Washington's employment pool to match the needs of employers is mostly dependent on state funding. Currently, shortages and higher than usual retirements are creating a need for more apprentice training in the skilled trades. In recent years, the community and technical colleges have substantially increased their student FTEs in workforce education programs. These improvements have caused the ratio of supply to demand to increase from 75 percent to 78 percent. But there is still a large skills gap.

SBCTC is requesting \$40,575,000 in general fund state monies for 5,000 new enrollments for the 2003-2005 biennium. Enrollments would increase at 2,500 in each fiscal year, funded at \$5,410 per student FTE. This increase is the total increase for the colleges' three mission areas of workforce education, academic transfer to four-year institutions, and basic skills education. Of the FTEs proposed, 200 are specifically set aside for apprenticeship training. In addition, SBCTC's health care request earmarks 480 additional FTEs for health-related workforce education and SBCTC's regional economic development request would add 1,500 workforce student FTEs, 750 per year.

Goal 1 of the state *Strategic Plan For Workforce Development* calls for closing the gap between the need of employers for skilled workers and the supply of Washington residents prepared to meet that need. The following table shows how many more workforce education FTEs are needed to bridge the skills gap under various assumptions:

In recent years, about half of the non-baccalaureate student FTEs have ended up in workforce education. If this pattern persists, and given the earmarking of 200 and 400 FTEs for apprenticeship and health care, respectively, we can expect that SBCTC's request would fund about 4,500 additional workforce education FTEs during the biennium, or about 2,250 per year.

**AGENCY BUDGET REQUESTS FOR THE 2003-2005 BIENNIUM:
Principles and Inspection Questions**

Principles

- Be consistent with the state strategic plan for workforce development.
- Be responsive to areas of possible improvement identified in *Workforce Training Results*, *Workforce Training: Supply, Demand, and Gaps*, and other evaluative efforts that acknowledge customer needs.
- Be informed by continuous quality improvement efforts.
- Reflect long-term thinking, as well as short-term and immediate funding needs.

Continuous Improvement Inspection Questions

- How does the request relate to the agency's strategic plan, activity inventory, and appropriate goals and performance measures?
- How were the views of business and labor customers included in developing the funding request?
- How was the information on program results used to determine funding priorities?
- How will results related to the expenditure be measured?
- How will the expenditures be integrated with current activities and/or coordinated with other agencies work?
- Rationale for additional resources beyond current funding level.

Priority for Board Advocacy

The Board will provide the highest level of support during the upcoming legislative session to operating agency budget requests that implement the strategies set forth in the state *Strategic Plan for Workforce Development*, provided such requests are also endorsed by the Governor.

RECOMMENDED MOTION B

WHEREAS, Strategy 3.2.1 of *High Skills, High Wages: Washington's Strategic Plan For Workforce Development* calls for developing a more effective labor exchange to help individuals get jobs with the greatest potential for wage progression; and

WHEREAS, the Low-Income Adults Enhanced Employment initiative is designed to improve labor market outcomes, including employment stability and job quality, for customers;

THEREFORE BE IT RESOLVED, That the Workforce Training and Education Coordinating Board endorses the Employment Security Department budget request for enhanced employment pilot projects as being consistent with its review criteria and as a priority for Board advocacy in that it specifically implements a strategy set forth in the state *Strategic Plan for Workforce Development*.

WHEREAS, Goal 3, Strategy 3.4.3, of the state *Strategic Plan for Workforce Development* calls for increasing basic skills instruction in the workplace and integrating it into occupational skills training;

THEREFORE BE IT RESOLVED, That the Workforce Training and Education Coordinating Board endorses the State Board for Community and Technical Colleges' budget requests for new enrollments, worker retraining program expansion, health care training and capacity, and regional economic development as being consistent with its review criteria and as priorities for Board advocacy in that they specifically implement strategies set forth in the state *Strategic Plan for Workforce Development*

RECOMMENDED MOTION A

WHEREAS, Goal 1 of *High Skills, High Wages: Washington's Strategic Plan For Workforce Development* calls for closing the gap between the need of employers for skilled workers and the supply of Washington residents prepared to meet that need;

WHEREAS, The Workforce Board's "Gap Analysis" shows that 2,700 annual workforce education student FTE increases may be required to eliminate the skills gap in half by 2009 - 2010;

WHEREAS, Goal 1 of the state *Strategic Plan For Workforce Development*, Strategy 1.4.5, calls for expanding apprenticeship training in emerging fields, . . .including construction.

WHEREAS, Community and technical colleges were not able to meet all the estimated demand (over 13,000 above funded capacity) for the worker retraining program;

WHEREAS, Goal 2, Strategy 2.3.3, of the state *Strategic Plan for Workforce Development* calls for providing retraining for unemployed workers in high demand fields;

WHEREAS, The State Board for Community and Technical Colleges' guidelines for awarding Worker Retraining Program monies state that funding will be consistent with the state and local workforce development plans;

WHEREAS, The Workforce Board's "Workforce Training Results" Net Impact study finds positive impacts as employment and earnings for students participating in training and retraining at the community and technical colleges and apprenticeship programs;

WHEREAS, Health care employers are experiencing serious difficulty in recruiting skilled workers and student demand for seats in allied health programs is growing;

WHEREAS, Goal 1, Strategy 1.4.1, of the state *Strategic Plan for Workforce Development* calls for developing new programs and increasing student enrollments in workforce training especially in high demand clusters such as health care;

WHEREAS, A key strategy for helping Washington employers to compete and be prosperous in today's global economy is to build regional partnerships to close skills gaps and to provide well-funded college enrollments to each region of the state targeted to key industries;

WHEREAS, Goal 1, Strategy 1.1.1 of the state *Strategic Plan for Workforce Development* calls for forming industry skill panels... [to] develop training programs;

WHEREAS, Meeting the economic needs of Washington employers requires more intensive skills training that combines occupational training with English as a second language and basic skills;

WHEREAS, The Workforce Board's "Workforce Training Results" net impact analysis shows that in order to improve earnings basic skills instruction must typically be combined with occupational training; and

**WASHINGTON STATE
WORKFORCE TRAINING AND EDUCATION COORDINATING BOARD
MEETING NO. 88
OCTOBER 2, 2002**

**OPERATING AGENCIES' BUDGET REQUESTS FOR THE
2003 LEGISLATIVE SESSION**

Background:

RCW 28C. 18.060(5) directs the Workforce Training and Education Coordinating Board to "... review and make recommendations to the Office of Financial Management and the legislature on operating and capital budget requests for operating agencies of the state training system for purposes of consistency with the state comprehensive plan for workforce training and education." In 2000, the Board adopted a set of principles, "continuous improvement" inspection questions, and a standard for priority improvements to guide that review process (see attached paper). Budget decision packages relating to workforce development submitted by the operating agencies are to be examined under this review process.

The State Board for Community and Technical Colleges (SBCTC) and the Employment Security Department (ESD) are submitting budget requests pertaining to workforce development. Included in this tab are recommendations and an accompanying motion to endorse the budget requests, a staff analysis of the budget requests, and budget materials submitted by the SBCTC and the ESD.

Board Action Requested: Adoption of the motions endorsing the SBCTC and ESD workforce-related budget requests.

State and Federal Core Indicators for WIA Title I-B

(S = core indicators developed by the state. F = core indicators developed by the U.S. Department of Labor.)

- a. **Educational Attainment:** The percentage of participants who obtained an appropriate credential. (S)
- b. **Credential and Employment Attainment:** Among former training participants, the percentage who became employed and completed training. (F)
- c. **Employment or Further Education:** The percentage of former participants who were employed during the third quarter after leaving the program. (Only former participants not enrolled in further education are counted for this indicator.) (S)
- d. **Entered Employment Rate:** The percentage of participants not employed at program registration who were employed during the first quarter after exiting the program. (F)
- e. **Retention in Employment:** Percentage of participants who entered employment during the first quarter after exiting the program who were employed during the third post-program quarter. (F)
- f. **Earnings:** Median annualized earnings of former participants during the third quarter after leaving the program. (Only former participants not enrolled in further education are counted for this indicator.) (S)
- g. **Earnings Gain:** Difference between earnings in the second and third quarters after exit and preregistration earnings (based on average earnings in the four quarters before registration for adults, and the second quarter and the quarters before job dislocation for dislocated workers.) (F)
- h. **Employer Satisfaction with Former Program Participants:** Percentage of employers who reported satisfaction with new employees who were program completers as evidenced by survey responses to the biennial survey conducted by the Workforce Board. (Not required below the state level.) (S)
- i. **Employer Satisfaction:** Employer Satisfaction with services they received as evidenced by responses to survey questions after service completion. (F)
- j. **Participant Satisfaction:** Percentage of former participants who report satisfaction with the program as evidenced by survey responses six to nine months after leaving the program. (S)
- k. **Participant Satisfaction:** Participant satisfaction with services as evidenced by responses to federally required survey questions. (F)

(5) Return on Investment

- a. The ratio of program participants' net increase in earnings and employer-provided benefits compared to the public cost of the program, as measured by non-experimental net-impact cost-benefit evaluations.

- b. **Longer-term Median Earnings of Former Participants:** Median annual earnings of former program participants and program completers in covered employment during four consecutive quarters after leaving the program, based upon unemployment insurance wage records during post-program quarters three through six and seven through ten.
- c. **Median Earnings Replacement for Dislocated Workers:** Median of the ratio of dislocated worker participants' third quarter post-program earnings to their third quarter pre-separation earnings, based upon unemployment insurance wage records.
- d. **Poverty and "Family-wage" Standards of Living:** Percentage of participants with earnings above the poverty level and the percentage above twice the poverty level.
 - 1. The number of individuals that former program participants' median covered earnings can support at the poverty level, based upon unemployment insurance wage records, during the third quarter after leaving the program.
 - 2. The percentage of former program participants who can support a family of one, a family of two, and a family of three at the poverty level, based upon unemployment insurance wage records for the third quarter after leaving the program.
 - 3. The number of individuals that former participants' median covered earnings can support at twice the poverty level for a household of three, during the third quarter after leaving the program.
- e. **Employee Benefits:** The percentage of former program participants who receive employer-provided health benefits and the percentage who participate in pension plans during the third quarter after leaving the program.
- f. **Percentage of Former Participants Receiving Public Assistance:** The percentage of former participants receiving TANF cash assistance during the third quarter after leaving the program based upon administrative records.
- g. **Distribution of Earnings:** The distribution of former participants annualized earnings over the range of earnings of Washington workers. Measured by the percentage of former participants with annualized earnings during the third post-program quarter in each quintile of the distribution of earnings of all Washington workers with covered wages, based upon unemployment insurance wage records.

(4) **Customer Satisfaction**

- a. **Individual Satisfaction** as evidenced by the percentage of a sample of former participants, who report satisfaction in response to a survey.
- b. **Employer Satisfaction** as evidenced by the percentage of employers who report satisfaction with new employees who are recent program completers in response to a survey.

Appendix

Common and Core Indicators

Common Indicators (These are the most common types of indicators that the Workforce Board measures and reports for workforce development programs.)

(1) Competencies

- a. **Educational Credential Attainment and Industry Certification:** The percentage or number of program participants¹ leaving the program that year who were awarded the relevant educational or skill credential based upon administrative records.
- b. **Basic Skills Attainment:** The number and rate of participants leaving the program that year attaining certain basic skills gains based upon individual assessments of skill levels.
- c. **Participant Perception of Competencies Gained:** Percentage of former participants who report their skills improved as a result of the program as evidenced by survey responses from a sample of former participants to questions regarding selected skills.
- d. **Relatedness of Training to Employment:** Employment rate in field related to occupational training as evidenced by survey responses from a sample of former participants.

(2) Employment

- a. **Employment Rate of Former Participants:** Percentage of former participants and the percentage of program completers with employment covered by unemployment insurance and other public administrative records during the third quarter after leaving the program combined with evidence from survey responses of former participants.
- b. **Employment or Further Education:** Percentage of former participants either employed, in the military, or enrolled in education or training during the third quarter after leaving the program combined with evidence from survey responses of former participants.

(3) Earnings and Reduced Poverty

- a. **Median Earnings of Former Participants:** Median annualized earnings and median hourly wages of former participants and program completers in covered employment during the third quarter after leaving the program, based upon unemployment insurance wage records.

¹ A participant is an individual who has demonstrated the intent to complete a sequence of program activities.

- a. **Percent and variety of job openings listed with WorkSource:** The denominator is the “Occupational Outlook” count of total job openings (openings due to either growth or replacement) and the numerator is the number of total job orders (suppressed and not suppressed) listed with WorkSource. For the performance indicator this will be measured in the aggregate and for informational purposes it will also be measured for each of the seven ONET categories of occupations.
- b. **The percentage of employers using WorkSource services:** The denominator is the total number of employers and the numerator is the sum of the number of employer user sessions on electronic sites and the number of staff-assisted employers. For informational purposes there will be separate counts of employer user sessions and the percentage of employers served through staff-assistance.
- c. **Percentage of total workers using WorkSource services:** The denominator is the number of individuals in the civilian labor force. The numerator is the number of staff-assisted participants and the number of participant user sessions on electronic sites. For informational purposes there will be separate counts of user sessions and participants served through staff-assistance.
- d. **Customer perception of seamlessness:** The measure will be based on responses to a state administered survey of registered participants.
- e. **Staff perception of integration:** The measure will be based on responses to a locally administered state survey of WorkSource center staff.
- f. **Number of students and schools who are WorkSource participants:** The number of students will be the number of **postsecondary** students based on administrative data matches. The number of schools will be the number of **secondary** schools based on staff reports of the number of schools with which they have formal relationships.

Once there are results for the first year of WorkSource, then the Workforce Board, working with the partners in WorkSource, will identify the core indicators for WorkSource. The Board will then reach agreement with local elected officials and workforce development councils on performance targets. Any performance-based consequences would be linked to the actual results on these indicators compared to the agreed upon expected levels of performance.

4. Reporting

After the first year, which ended June 30, 2001, the Workforce Board will calculate and report the results of Year 1. Workforce Board staff will work with WorkSource partners to analyze the first year data to determine if quarterly reporting would be of value. The Workforce Board will report statewide results and the results for each of the 12 workforce development areas.

5. Which Services Count?

Whether or not a WorkSource participant counts toward an indicator depends on the type of service he or she receives. This will vary from one type of outcome to another, as shown in the following chart. (The terms “training,” “staff assisted core services,” and “intensive services,” have the same meanings as under WIA Title I.)

Type of Outcome	WorkSource participants count who receive the below service(s)
Competencies	Training (except for the indicator of basic skills attainment, for which basic skills services will count).
Employment	Staff assisted core services, intensive services, and training services.
Earnings	Intensive services, training services.
Customer Satisfaction: Participants	Staff assisted core services, intensive services, and training services.
Customer Satisfaction: Employers	Employers with filled job orders, customized training, OJT, and rapid response.
Return on Investment	Intensive services, training services.

6. WorkSource System Development Indicators

The Executive Policy Council and the Workforce Board have identified an additional type of desired outcome for WorkSource—WorkSource system development, and a series of indicators of that outcome. These indicators will be measured for WorkSource in addition to the common indicators listed in the Appendix.

Attachment

WORKSOURCE OUTCOMES AND PERFORMANCE INDICATORS

As Adopted by the Workforce Board and the Executive Policy Council

1. Definition of WorkSource Participants

As stated in the State Strategic Plan for Workforce Development chapter on Performance Accountability:

“WorkSource participants include individuals and employers who receive services through a WorkSource Center or an affiliate site providing services funded under WIA Title I, WIA Title III (Wagner-Peyser), the federal Welfare-to-Work program, or the state’s WorkFirst program’s employment-related services. Participants in other programs will be counted for a particular service when the program dedicates resources for that service to WorkSource.”

2. Common Indicators for WorkSource

The Workforce Board has identified a large number of common indicators of performance that can be used to measure most workforce development programs. The list of common indicators is relatively long, so that the information portrays a fairly complete picture of workforce development outcomes. All the indicators are outcome as opposed to process indicators, and all focus on outcomes for program participants.

The Strategic Plan states, “The Workforce Board will supply each local council with the results [for WorkSource participants] on as many of the common indicators as possible, and on all of the state and federal core indicators listed for WIA.” The purpose of these indicators is to inform policy makers on the progress of WorkSource in achieving desired outcomes. Measuring these indicators will also give us experience as to which indicators are useful measures, and which ones are not useful. The Appendix lists all the common indicators and the state and federal core indicators for WIA title I.

3. Core Indicators

Core indicators are a small subset of the common indicators that serve purposes in addition to informing continuous improvement in state level policies. Core indicators are important for motivating desired behavior by program administrators and staff and for unifying workforce development programs around common purposes. These are the indicators for which the Workforce Board and program officials reach agreement on expected level of performance. The Workforce Board has identified core indicators for WIA Title I-B, secondary and postsecondary vocational education, and adult education.

Work Plan

The below table shows the steps that are planned in order to carry-out the Board's assignments for measuring and setting targets for WorkSource performance.

What	Who	When
1. Measure WorkSource results.	Workforce Board Staff (in cooperation with Employment Security Department staff).	By December 31, 2002
2. Review and discuss WorkSource results.	Workforce Board.	By February 28, 2003
3. Identify Core Indicators for WorkSource.	Workforce Board (in cooperation with local Workforce Development Councils and WorkSource partners).	By April 30, 2003
4. Identify Performance Targets for the WorkSource Core Indicators.	Workforce Board (in cooperation with local Workforce Development Councils and local elected officials).	By June 30, 2003

As of this time, Board action is anticipated at the (to be completed) March 26 and June 6, 2003 Board meetings.

WORKSOURCE INDICATORS AND PERFORMANCE TARGETS

Background

In September of 1999, Governor Locke's Executive Order 99-02 clarified the Workforce Board's responsibilities for designing and implementing the performance management system for workforce development including WorkSource.

In December and November of 2000, the Workforce Board and the Executive Policy Council for WorkSource, respectively, adopted the policy for measuring WorkSource outcomes (attached). The policy was developed through a consensus process by the interagency Performance Management for Continuous Improvement workgroup. The policy establishes the definition of WorkSource participants (for performance measurement purposes), the indicators by which performance is to be measured, the process for setting performance targets, and the general time frame for implementing the performance management system for WorkSource.

The policy indicates that the Workforce Board will calculate and report the results for WorkSource after the end of the first year: July 1, 2000 to June 30, 2001. (Since some of the indicators are based upon employment wage records for the time period 7 to 9 months after participants exit, some of the results for the first year are not available until after November 2002.) The Board will report the statewide results and the results for each of the 12 workforce development areas.

The Board will report the results on as many of the common indicators for workforce development as possible, and on all of the state and federal core indicators for WIA Title I-B (see the attachment for a list of all the indicators). As the policy states, "The purpose of these indicators is to inform policy makers on the progress of WorkSource in achieving desired outcomes. Measuring these indicators will also give us experience as to which indicators are useful measures, and which ones are not useful."

The policy continues that once there are results on the indicators for the first year of WorkSource, then the Workforce Board, working with the partners in WorkSource, will identify the core indicators for WorkSource. Core indicators are a small subset of the common indicators that serve purposes in addition to informing continuous improvement in state level policies. These are the indicators for which the Workforce Board and program officials reach agreement on expected level of performance.

The policy goes on to state that once the core indicators are identified, "The Board will then reach agreement with local elected officials and workforce development councils on performance targets. Any performance-based consequences would be linked to the actual results on these indicators compared to the agreed upon expected levels of performance."

**WASHINGTON STATE
WORKFORCE TRAINING AND EDUCATION COORDINATING BOARD
MEETING NO. 88**

WORKSOURCE INDICATORS AND PERFORMANCE TARGETS

This part of the agenda will review the Board's assignments regarding WorkSource indicators and performance targets and the work plan for accomplishing the assignments. The purpose is to prepare the Board for action at later Board meetings.

Board Action Requested: None. For information only.

**WASHINGTON STATE
WORKFORCE TRAINING AND EDUCATION COORDINATING BOARD
MEETING NO. 88
OCTOBER 2, 2002**

**WORKFORCE TRAINING RESULTS 2002
NET IMPACT, COST, AND BENEFIT FINDINGS**

At the October meeting, Kevin Hollenbeck from the Upjohn Institute will present the final net impact, cost, and benefit findings for the Board's "Workforce Training Results 2002" evaluation of the state workforce development system. The materials for the presentation will be distributed at the meeting.

Board Action Required: None. For discussion only.

Annual System Building Report

Pam Lund gave a brief overview of the upcoming System Building survey. This is the second time the survey will be conducted. There are two surveys—one that will be sent to the state leaders and one that will be sent to local WDC members. The local survey is 100 percent council membership, meaning that no WDC director will be sent that survey; however, Pam L. did inform the WDC directors that the survey will be going out. The state partner survey will be sent to the IC members and other program administrators. Mike O. asked Pam L. to add two people from DVR to receive the survey and she said she would add those two names.

Debora Merle asked who the survey results had gone to last year. The survey results were shared with the WTECB Board and the people to whom the survey was sent.

It was stressed that the survey is anonymous and voluntary. The survey is to help WTECB and its partners in planning our work to continue to build a “system” out of separate programs. The survey will be sent out, via e-mail, the week of June 10, 2002.

Follow-Up to May Board Meeting

Ellen went over the major points from the May Board meeting. W.E. Upjohn is completing the Net Impact study and should have the data analysis finished by the end of July. WTECB will write the narrative report once the data has been reviewed. This report will be shared with the PMCI group.

Rich Nafziger asked Bryan W. to meet with SBCTC and go over the report's results. Bryan W. and Rich N. will set up a meeting after the Net Impact results are in.

Other Business

Mike K. brought feedback from the WDC members regarding the recertification letter from René Ewing. The eight WDCs who got the letter stating that their recertification letters had been sent to the Governor for approval were disappointed that René chose to use this letter as a vehicle to discuss the lack of diversity in the WDC membership.

Ellen and Pam explained that this is an area of concern to the Governor and that it is an area that needs to be addressed. They felt it was better to have the letter with this information come from René rather than the Governor. Mike K. explained he was just passing on the information that had been brought to him.

Randy Loomans told the group that the Washington State Labor Council Convention is being held August 19 to 22 in Spokane. If anyone is interested in getting more information regarding the Convention, send Randy a business card and she will see that an invitation gets sent out.

**Interagency Committee
Notes from June 7, 2002**

Attendees: Randy Loomans, WSLC; Ross Wiggins, ESD; Debora Merle; Governor's Office; Jim Crabbe, SBCTC; Mike O'Brien, DVR; Debbie Cook, DSB; Mike Kennedy, Pacific Mountain WDC; Ginger Rich, CTED; Ellen O'Brien Saunders, Bryan Wilson, and Pam Lund, WTECB

DVR Follow-Up

Mike O'Brien discussed the paper—DVR Position on Reauthorization, Workforce Investment Act. The paper represents the positions of DVR's management team. Mike O. stressed that the paper was in process at the time the IC WIA reauthorization group was meeting. DVR's primary position is to maintain independent funding for vocational rehabilitation. There is not enough funding for DVR services now and DVR does not want the funding to be reduced. DVR would like to have an independent reauthorization of vocational rehabilitation or WIA reauthorization at the same time.

Another issue DVR has is that they have no voting member on the Workforce Board. Washington is the only state in the nation that does not have a voting member on the state Workforce Board. He noted that this is an issue that Dennis Braddock will be taking up with Governor Locke. Ellen indicated that a primary obstacle is DOL regulations prohibiting a change in the voting membership of the Workforce Board.

Mike O. indicated that the other positions expressed in the paper are things that DVR would prefer, many of which the 2002 update of "High Skills, High Wages" addresses.

Randy Loomans and Ross Wiggins asked if it would be possible for Mike O'Brien to give a presentation to the IC on the work that DVR does. Mike O. said he would be willing to do so and Ellen said it would be scheduled for an upcoming IC meeting. Mike Kennedy suggested that services to people with disabilities would be a good track for the upcoming Workforce Strategies conference.

Northwest Policy Center Cluster Paper

Bryan Wilson and Jim Crabbe discussed the work that the Northwest Policy Center (NPC) will be doing in the next few months. After NPC finishes its statistical research, NPC Staff will be conducting focus groups and interviews in key regions. NPC has proposed to have the 12 Workforce Development Councils (WDC) grouped into 6 regions for purposes of research. Mike K. asked if the key regions are flexible. Currently Pacific Mountain WDC and Southwest Washington WDC are clustered together and Mike feels Pacific Mountain WDC has more of an affinity with Olympic WDC than Southwest Washington WDC. Bryan W. said that the regions are flexible and may be changed after the statistical work is done and that the statistical data will help to group the WDCs into the six regions.